# The State of Digital Assets

## Q2 2020

POWERED BY TheTie

## A Message from eToro USA

**Guy Hirsch**
Managing Director

While media coverage in Q2 continued to focus on Bitcoin, the real story emerging from the data is centered around stablecoins. Stablecoins saw 10x growth since January 2018, approaching $11B in total market cap. In 2020 total market cap went up more than 2x. Fiat inflows into stablecoins exceeded $5B in only six months. We might be on the cusp of a systemic change, in particular in developing countries, where the population needs a way to "exit" from fiat controlled by corrupt or ineffective governments. A business owner in Pakistan or Iran can now get yield on a USD-pegged stablecoin, pay vendors and perhaps employees, all the while not worrying about the out-of-control inflation in the local fiat currency. As importantly, she doesn't need to go through the traditional banking system, subject to all sorts of restrictions and limitations because of bad government actors. We hope to see this growth continue in Q3 and beyond, as a catalyst for a free and fair global economy that is censorship and corruption resistant.

### About eToro USA

eToro is a global, multi-asset trading platform with over 10 million registered users. At eToro, you can share your real track record, portfolio, and trades with the community, allowing users to engage with each other on trading ideas that are executed using real dollars. For those new to crypto trading, the community and educational resources introduce users to this new asset class and the risk profiles involved in it.

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## A Message from The TIE

**Joshua Frank**
CEO

The emergence of coronavirus and the flash crash defined Q1. But there were no major macro events that could encapsulate Q2. The second quarter of 2020 featured a series of iterative improvements to infrastructure and institutional support. These help lay the ground work for the future of more mainstream digital asset adoption. I see the explosion of stablecoins in Q2 as the most critical development towards widespread utility that crypto has ever seen.

### About The TIE

The TIE is the premier provider of alternative data for digital assets. The TIE offers trusted and transparent data solutions that power the leading cryptocurrency institutional investors and market participants. Among The TIE's offerings are the exclusive digital asset sentiment feed powered by the Twitter firehose and the first corporate actions feed for cryptocurrencies.

## About the Data

Unless otherwise noted, all data is provided by The TIE. Throughout the report you will encounter a number of proprietary sentiment-driven metrics produced by The TIE. In the context of this report, sentiment is a measure between 0-100 of how positive or negative Twitter conversations are on a particular cryptocurrency over a given time interval. A score above 50 implies that conversations on an asset are positive and a score below 50 implies that they are negative.

Daily Sentiment Score is a normalized representation of investor emotion over a rolling 24 hours as compared to the previous 20 days.

Click here to learn more about The TIE's proprietary sentiment data.

# Key Takeaways

## We Finally Have a Mainstream Use Case

The substantial rise of stablecoins in Q2 is the most notable narrative for digital assets. They are the first non-speculative use case for cryptocurrencies that has garnered significant adoption and that solves mainstream challenges. In this paper, we breakdown how fully-collateralized stablecoins can solve the challenges of foreign remittances and present a massive fiat on-ramp into the cryptocurrency ecosystem.

## Slow and Steady Wins the Race

There was not one major event that made Q2 a successful quarter, rather it was a combination of smaller developments. The digital asset market saw a significant uptick in institutional adoption, including Paul Tudor Jones' foray into the space and the announcement that 1/3rd of institutions hold crypto. While the market may not be experiencing the inbound frenzy many predicted when BTC futures were launched at the height of the 2017/2018 bull market, crypto is emerging stronger and more resilient than ever before.

## Crypto isn't a One Trick Pony

While many predicted that by now Bitcoin would be the only cryptocurrency still performing, quarter-over-quarter we are seeing other digital assets beating the price movement of BTC. This quarter Cardano (+175%) and Ethereum (+70%) were the biggest winners, but it is clear that this race is far from over. Cryptocurrencies are surely maturing, but they remain in beta. Bitcoin has established itself as the dominant protocol with the greatest staying power in the industry, but it is clear that at least in the short-term there may greater opportunities for investors seeking to differentiate beyond one coin.

# Table of Contents

# Q2 Trends & Rankings

In our Q2 Trends and Rankings we highlight some important metrics beyond just price that help quantify which assets were the best and worst performing over Q2. These include eToro specific metrics and measures of investor sentiment.

## eToro Top Assets by New Followers (Quarterly Change)

## eToro Top Assets by Percent of Investors

## Quarterly Returns (Coins vs. CopyTraders™ vs. Stocks vs. Gold)

## Top 10 Crypto Topics by Media Coverage in Q2

## Cryptocurrencies with the Largest Changes in Investor Sentiment

## Cryptocurrencies with the Largest Changes in Tweet Volume

## The Five Most Importantant Developments for Bitcoin This Quarter

# eToro Top Assets by New Followers (Quarterly Change)

| # | Asset | CHANGE | # | Asset | % CHANGE |
|---|---|---|---|---|---|
| 1. | Bitcoin | +932,731 | 1. | Tezos | +75.29% |
| 2. | Ethereum | +906,324 | 2. | Zcash | +44.10% |
| 3. | XRP | +904,506 | 3. | TRON | +41.85% |
| 4. | Cardano | +120,176 | 4. | Cardano | +37.84% |
| 5. | Bitcoin Cash | +111,993 | 5. | IOTA | +34.76% |
| 6. | Litecoin | +108,646 | 6. | XRP | +27.61% |
| 7. | TRON | +107,835 | 7. | NEO | +26.10% |
| 8. | Stellar | +105,435 | 8. | EOS | +23.62% |
| 9. | Dash | +103,053 | 9. | Stellar | +23.25% |
| 10. | NEO | +75,030 | 10. | Ethereum | +18.04% |
| 11. | Tezos | +63,669 | 11. | Dash | +15.88% |
| 12. | IOTA | +59,208 | 12. | Bitcoin Cash | +13.53% |
| 13. | EOS | +54,882 | 13. | Litecoin | +11.13% |
| 14. | Zcash | +54,745 | 14. | Bitcoin | +10.93% |
| 15. | Ethereum Classic | +54,511 | 15. | Ethereum Classic | +8.50% |

# eToro Top Assets by Percent of Investors

The table below looks at which cryptocurrencies saw the largest change in the number of eToro users investing in them. Q1 and Q2 show the percent of eToro users invested in each cryptocurrency in each quarter. The % Change shows the quarterly percent change.

| | | Q1 | Q2 | % CHANGE |
|---|---|---|---|---|
| 1. | Tezos | 2.34% | 2.53% | +8.12% |
| 2. | Cardano | 7.62% | 7.33% | -3.81% |
| 3. | TRON | 4.21% | 3.88% | -7.84% |
| 4. | IOTA | 5.61% | 5.10% | -9.09% |
| 5. | Bitcoin | 35.10% | 31.31% | -10.80% |
| 6. | Bitcoin Cash | 8.34% | 7.23% | -13.31% |
| 7. | Ethereum | 23.92% | 20.71% | -13.42% |
| 8. | XRP | 54.52% | 46.01% | -15.61% |
| 9. | Zcash | 1.67% | 1.40% | -16.17% |
| 10. | Ethereum Classic | 7.32% | 5.97% | -18.44% |
| 11. | Stellar | 12.43% | 10.12% | -18.58% |
| 12. | Litecoin | 14.51% | 11.46% | -21.02% |
| 13. | Dash | 8.53% | 6.72% | -21.22% |
| 14. | EOS | 6.01% | 4.62% | -23.13% |
| 15. | NEO | 7.53% | 5.76% | -23.51% |

## Quarterly Returns (Coins vs. CopyTraders™ vs. Stocks vs. Gold)

| | |
|---|---|
| Cardano | 175.39% |
| Ethereum | 70.17% |
| Zcash | 66.79% |
| Stellar | 66.62% |
| IOTA | 52.39% |
| TheTIE-LongOnly | 51.94% |
| NEO | 50.75% |
| Tezos | 48.59% |
| kfisch12050 | 45.24% |
| crypto101_kevin | 44.38% |
| TRON | 44.25% |
| Bitcoin | 41.58% |
| Anders_ | 39.29% |
| QE4Everyone | 35.53% |
| SPY (S&P 500) | 25.27% |
| Ethereum Classic | 15.73% |
| GLD (Gold) | 11.99% |
| Litecoin | 7.54% |
| EOS | 6.06% |
| Dash | 5.55% |
| XRP | 1.54% |
| Bitcoin Cash | 0.46% |

eToro CopyTraders™

Traditional Asset Classes

Cryptocurrencies

### eToro CopyTraders™

With eToro's CopyTrader™, you can find your favorite featured eToro users and copy all of their trades in one click. It's that simple.

Whether you're a beginner learning the basics or you simply don't have time to watch the markets, now it's easy to leverage other crypto traders' expertise. With eToro's CopyTrader, you can automatically copy top-performing traders, instantly replicating their trading in your own portfolio. Sign up for eToro and start copying other traders at no extra charge. There are no management fees or other hidden costs involved. View our complete pricing policy here.

The traders you copy get paid directly as part of our Popular Investor Program. To learn more about earning income by being copied on eToro, click here.

# Top 10 Crypto Topics by Media Coverage in Q2

| TOPIC | # OF NEWS STORIES |
| --- | --- |
| Bitcoin | 11,909 |
| Ethereum | 3,139 |
| DeFi | 1,370 |
| Halving | 1,340 |
| XRP | 1,273 |
| Binance Coin | 820 |
| Tether | 803 |
| Central Bank Digital Currency | 511 |
| Cardano | 494 |
| Bitcoin Cash | 418 |

**Just Missed the Cut...**

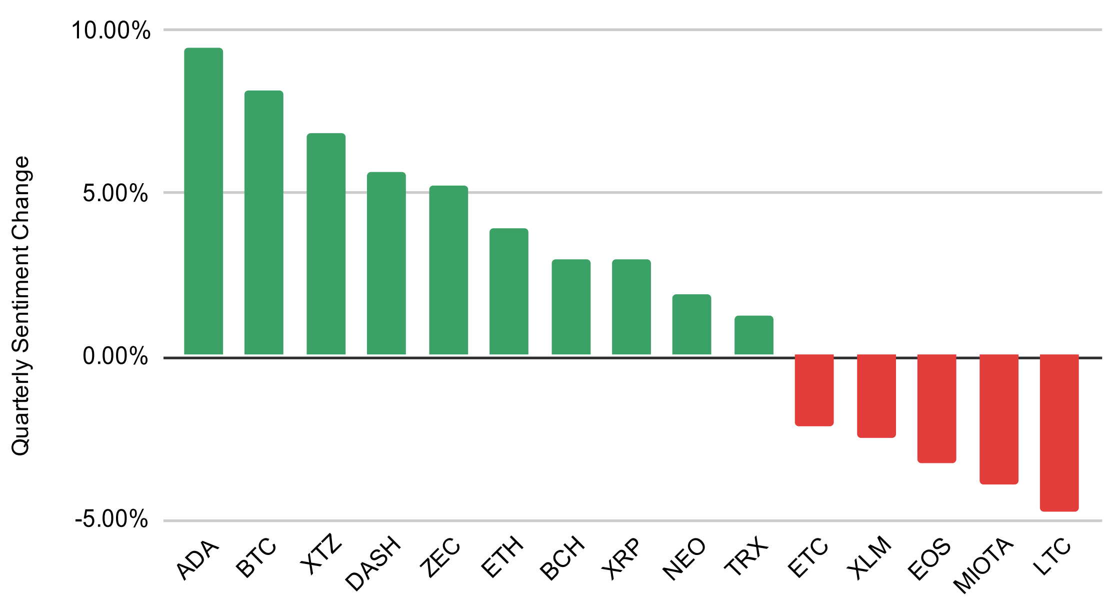
Stablecoins (354 stories), EOS (333 stories), Staking (332 stories)

# Cryptocurrencies with the Largest Changes in Investor Sentiment

## What is Sentiment?

Sentiment is a quantified representation of investors future intentions. It doesn't matter that John Doe is happy that Bitcoin is up this month, what matters is that he is bullish on the future of the asset, and that collectively investors sentiment (or feelings) towards an individual asset during a given time period are more positive than over a previous period.

| TOP 5 | | BOTTOM 5 | |
|---|---|---|---|
| Cardano | +9.49% | Litecoin | -4.79% |
| Bitcoin | +8.13% | IOTA | -3.98% |
| Tezos | +6.82% | EOS | -3.33% |
| Dash | +5.66% | Stellar | -2.55% |
| Zcash | +5.21% | Ethereum Classic | -2.17% |

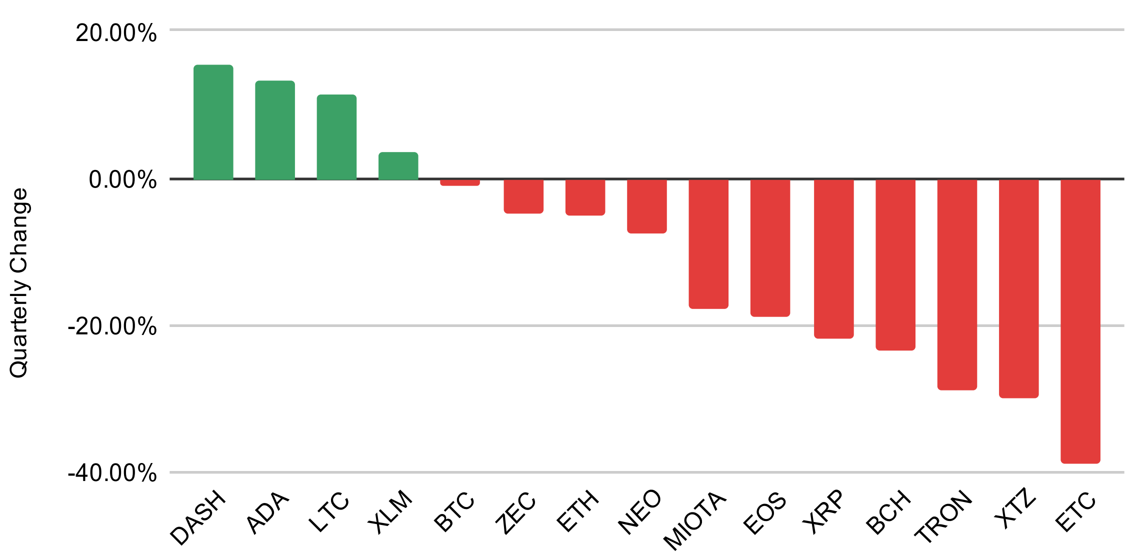


# Cryptocurrencies with the Largest Changes in Tweet Volume

The data below measures the percent change in total number of tweets mentioning a particular cryptocurrency, from Q1 to Q2.

Generally, increases in tweet volume have correlated with increases in market cap for many of the largest cryptocurrencies.

| TOP 5 | | BOTTOM 5 | |
|---|---|---|---|
| Dash | +15.74% | Ethereum Classic | -38.70% |
| Cardano | +13.54% | Tezos | -29.99% |
| Litecoin | +11.64% | TRON | -28.76% |
| Stellar | +3.64% | Bitcoin Cash | -23.27% |
| Bitcoin | -0.89% | XRP | -21.81% |



CRYPTO GOES MAINSTREAM

# The Five Most Importantant Developments for Bitcoin This Quarter

## PayPal, Venmo to Roll Out Crypto Buying and Selling

June 22

PayPal has over 325 million active users and Venmo has 40 million active users. While estimates vary, it is believed that under 20 million people hold crypto. PayPal and Venmo are bringing an easy fiat on-ramp to hundreds of millions of potential cryptocurrency investors.

| PRICE CHANGE | TWEET VOLUME CHANGE |
|---|---|
| +0.17% 1HR +1.31% 1D -4.49% 7D | +3.78% 1HR +23.01% 1D -2.38% 7D |

## Andreessen Horowitz doubles down on 'crypto' with new $515 million fund

April 30

Andreesen Horowitz is one of the largest and most successful venture funds around the globe. This is the second cryptocurrency focused venture fund that Andreesen has launched, and the scale and scope of its second raise shows their investors belief and commitment to cryptocurrency.

| PRICE CHANGE | TWEET VOLUME CHANGE |
|---|---|
| -0.78% 1HR -1.04% 1D +4.19% 7D | +0.07% 1HR -32.15% 1D -25.29% 7D |

## Goldman Sachs: Cryptocurrencies 'Are Not an Asset Class'

May 27

Goldman Sachs epitomizes traditional finance and the institutional capital that many in cryptocurrency have so desperately waited for. While this news isn't earth shattering and it was just one small division in Goldman, it reinforces the fact that Wall Street is still not fully ready to embrace crypto.

| PRICE CHANGE | TWEET VOLUME CHANGE |
|---|---|
| +0.12% 1HR +3.32% 1D +5.84% 7D | +1.14% 1HR +10.8% 1D +25.4% 7D |

CRYPTO GOES MAINSTREAM

# The Five Most Importantant Developments for Bitcoin This Quarter

## Fidelity Says a Third of Big Institutions Own Crypto Assets

June 9

A survey of 774 institutional investors found 36% own cryptocurrencies or crypto derivatives. In the US, that number increased from 22% to 27% in one year. While it doesn't signify mainstream institutional adoption yet, 36% is a significant portion of institutions. The entrance of multi-trillion dollar pension funds and larger players could be a strong turning point for crypto.

| PRICE CHANGE | | | TWEET VOLUME CHANGE | | |
|---|---|---|---|---|---|
| +0.36% 1HR | +0.70% 1D | -1.89% 7D | +0.80% 1HR | +3.44% 1D | +2.36% 7D |

## Paul Tudor Jones Buys Bitcoin as a Hedge Against Inflation

May 7

Paul Tudor Jones is a legendary macro investors around the globe, with a net worth reportedly exceeding $5B and a hedge fund (Tudor Investment Corporation) with over $9B in AUM. Tudor Jones' purchase of Bitcoin futures is an affirmation to traditional institutional investors that cryptocurrency is a serious asset class and that Bitcoin may truly be a great hedge against macroeconomic uncertainty and inflation.

| PRICE CHANGE | | | TWEET VOLUME CHANGE | | |
|---|---|---|---|---|---|
| +3.41% 1HR | +5.10% 1D | +1.49% 7D | +7.36% 1HR | +40.8% 1D | +0.33% 7D |

# Four Narratives that Defined Q2

## The Rise of Stablecoins: Remittances as a Fiat On-Ramp to Drive Bitcoin's Mainstream Adoption

## Bitcoin's Social Activity Trends Infer that Institutions are Coming

## Bitcoin is not Risk-Off Yet

## DeFi is Surging, but How Big is it Really?

Featuring Commentary from Katie Talati of Arca

# The Rise of Stablecoins: Remittances as a Fiat On-Ramp to Drive Bitcoin's Mainstream Adoption

By: Joshua Frank of The TIE

Domestic fund transfers are typically instantaneous, inexpensive, and available 24/7. In the United States, applications like Venmo, Zelle, and Cash App have made it a breeze. But cross-border payments remain slow, expensive, and opaque.

My business has struggled with multi-day settlement and expensive wire transfer fees (for our international customers and partners). For individuals, cross-border transfers are even worse. This is particularly true for foreign remittances — transfers of money sent by foreign workers to individuals in their home country. According to The Bank of International Settlements, remittances struggle from "high foreign-exchange costs, telecommunication costs, correspondent banking fees, compliance costs, and more."**[1]**

The World Bank reported that remittances to low- and middle-income countries reached a record high of $529 billion in 2018, with overall global remittances exceeding $689 billion. Yet they're not cheap, as banks charged an average fee of 11% and post offices charged 7% for remittances.**[2]**

In Hong Kong, foreign domestic helpers earn an average of just HK$4,945 ($645) a month. **[3]** Non-foreign workers earn a 368% higher median monthly wage in Hong Kong. **[4]** After accounting for charges from recruitment agencies, bank loans, and expenses, domestic helpers are left with just 32% (~$218) of their already low income for remittances. That is a significant decrease from 54% five years prior. **[5]** Every dollar matters to these foreign workers. Remittance costs — while trending downwards — remain high through most channels.

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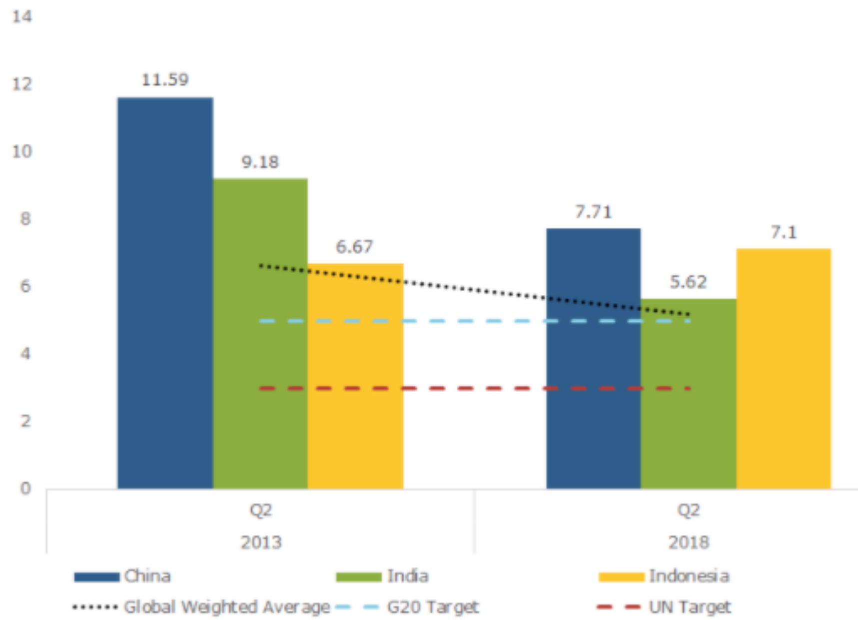
1. https://www.bis.org/cpmi/publ/d187.pdf
2. https://www.worldbank.org/en/news/press-release/2019/04/08/record-high-remittances-sent-globally-in-2018
3. https://www.scmp.com/news/hong-kong/society/article/3026801/hong-kongs-domestic-workers-earn-average-hk5000-month-survey
4. https://www.censtatd.gov.hk/hkstat/sub/so210.jsp
5. https://www.scmp.com/news/hong-kong/hong-kong-economy/article/2158525/hong-kongs-domestic-helper-groups-push-25-cent-pay




*Costs of Sending Remittances, % (Source: World Bank and Federal Reserve Bank of San Francisco)* ***[6]***

Remittances are set to surpass foreign aid as the largest source of external financing to many of the world's developing countries. But the high cost of cross-border money transfers reduces the benefits of migration. Foreign workers are already vulnerable to recruitment malpractices, low wages, and abuse. Sending money home to their families should be the least of their concerns.

### How Stablecoins Can Solve This

Mobile payments consistently offer lower costs than traditional money transfer operators, but average fees remain exceedingly high, at 3.2% according to The World Bank.

Bitcoin does not fix this. Bitcoin has significantly lower transaction fees than traditional and mobile-based remittances, but price volatility, scalability challenges, and network speed are roadblocks for its use in cross-border transfers.

Stablecoins present a significantly better option. Stablecoins are backed by reserve assets and are created to offer price stability. For example, USD Coin (USDC) is an Ethereum-based,

6. https://www.frbsf.org/banking/asia-program/pacific-exchange-blog/can-asias-fintech-giants-reduce-remittance-costs/

fully-collateralized US dollar stablecoin. Over the last 90 days, the price of USDC has traded within a range of $0.96 and $1.02. That is significantly less volatile than Bitcoin and other mainstream digital assets, which offers peace of mind to those transferring.

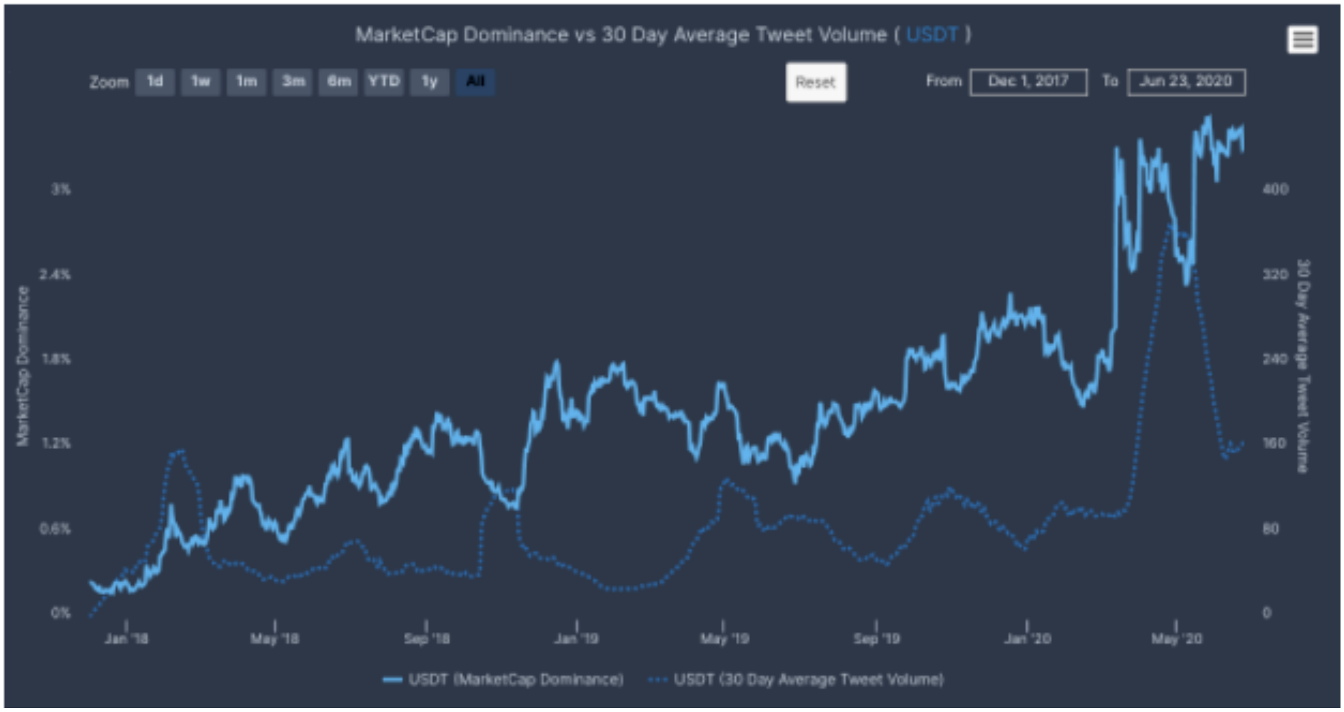
Stablecoins solve many of the major problems presented by remittances. They can be transferred 24/7, are low fee (average Ethereum gas fee (~$0.25), and are near instantaneous (estimated ERC-20 transaction time ~6 minutes).

### Stablecoins' Explosive Growth

In the first and second quarters of 2020, stablecoins have seen impressive growth. In January 2018 — amidst the ICO euphoria — stablecoins represented ~$1.4B in total market cap. In just two and a half years, stablecoins have grown nearly 10x, approaching $11B in total market cap. In 2020, the total market cap of stablecoins has more than doubled. Fiat inflows into USD-collateralized stablecoins exceeded $5B in only six months.


*Combined market cap of USDT, USDC, DAI, TUSD, BUSD, PAX, and GUSD*

Tether alone is approaching $10B in market cap, marking it the third largest cryptocurrency by market cap. It exceeds the value of some of the largest digital assets, including XRP, Bitcoin Cash, Litecoin, and Binance Coin. To put the growth in context, Tether was the 28th largest cryptocurrency by market cap in January 2018. Since then, Tether's Market Cap Dominance (its overall share of the cryptocurrency market) has grown from 0.26% to 3.40%.




*USDT Market Cap Dominance vs. 30 Day Average Tweet Volume*

Similarly, conversations on Twitter around stablecoins have exploded. Tweets on Tether jumped from an average of 46 per day in January 2018, to a high of 370 daily at the end of April, ending the quarter at 160 tweets per day.

In Q2 2020, Tether was the fifth most mentioned cryptocurrency in publications, with 787 total mentions, trailing behind only Bitcoin, Ethereum, XRP, and Binance Coin.

### What is Driving Growing Interest in Stablecoins?

As global interest rates have cratered, investors have flocked to stablecoins in search of yield. While the federal funds rate has dropped to 0.25%, yields on stablecoins currently exceed 8% on many lending platforms. More recently, yield farming on DeFi platforms like Compound, Synthetix, and Curve has generated even more significant returns.

These platforms are not without significant risk, but nonetheless have driven significant interest and inflow of new fiat into the space.

### From Yield to Remittances

Yield seeking investors will continue to flock into stablecoins. But interest rates 40x higher than the federal funds rate on centralized lending platforms, and in some cases, 500x higher on DeFi platforms are not going to last forever. Much of these returns can be explained by immaturity in these early DeFi platforms. Supply is eventually going to outpace demand. And many of these platforms present significant counterparty and cybersecurity risk that investors must consider.

Remittances, on the other hand, present the greatest opportunity for the adoption of stablecoins. Foreign remittances are a rapidly growing industry valued at around $700B annually. If stablecoins could capture 1% of remittances, that would generate demand for an additional $7B in stablecoins per year.

## Stablecoins Hedge Inflation

Research from the International Monetary Fund concluded that the current global inflation rate is about 3%. However, developing and advanced economies differ greatly. Across advanced economies, the average inflation rate is 0.5%. In developing economies, inflation averages 4.6%. There are currently 21 countries globally with inflation rates over 10%, with Venezuela by far the worst at 15,000% annual inflation.

Many developed countries may see increased inflation as a result of COVID-19-related quantitative easing, but that will pale in comparison to countries such as Pakistan, where rates are currently 11.1%, or Iran at 34.2%.**[7]** By remitting advanced economy collateralized stablecoins — rather than local currency — the receiving party now has access to less inflationary capital that can be transferred into local currency as needed.

## Fat Protocol Thesis

In 2016, Placeholder VC's Joel Monegro, then at Union Square Ventures, introduced the idea of "fat protocols." The Internet's generation of shared protocols (TCP/IP, HTTP, etc.) accrued the vast majority of value at the application layer (i.e. Amazon, Google, Twitter, etc.). As the internet developed, investing in applications started to generate significant returns, while investing directly in protocols generated little return. Thus, the Internet can be explained as a combination of thin protocols and fat applications.**[8]**

In blockchain networks, the distribution of value shows an opposite pattern. The two largest cryptocurrency networks by market cap — Bitcoin and Ethereum — are protocols with applications built on top of them. Ethereum has a market cap of $25B+, while its largest non-stablecoin applications are all much smaller, such as Chainlink ($1.6B) and LEO ($1.1B). In fact, 20 of the top 21 largest cryptocurrencies by market cap (non-stablecoins) are their own blockchain protocols (as opposed to applications).

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7. https://www.imf.org/external/datamapper/PCPIPCH@WEO/OEMDC/ADVEC/WEOWORLD

8. https://www.usv.com/writing/2016/08/fat-protocols/

Joel Monegro summarizes this well, "the market cap of the protocol always grows faster than the combined value of the applications built on top, since the success of the application layer drives further speculation at the protocol layer."

If this fat protocol thesis is true, increased use of stablecoins via remittances, lending, or otherwise, should drive significant value to the networks the stablecoins are issued on. Given the majority of stablecoins are currently issued on Bitcoin and Ethereum protocols, value will likely be driven to the protocol layer as the stablecoins grow.

### Stablecoins as a Fiat On-Ramp

Bitcoin has failed to recapture the mainstream enthusiasm that the late-2017 bull run brought to the coin. There has been much discussion around what the next narrative will be for Bitcoin and what will bring widespread mainstream adoption. Stablecoins as a fiat on-ramp offer one of the best paths forward for mainstream cryptocurrency adoption.

Stablecoins solve a real-world problem of high-fee, slow processing, and opaque foreign remittances, and can drive new capital into the cryptocurrency ecosystem. This capital may start in fiat-collateralized stablecoins, but will eventually flow into other digital currencies as individuals become more familiar and comfortable with digital wallets and digital cash.

Remittances are the real-world use case that cryptocurrency has been waiting for, and as stablecoins inevitably take-off, value will accrue to the cryptocurrency ecosystem.

# Bitcoin's Social Activity Trends Infer that Institutions are Coming

By: Joshua Frank of The TIE

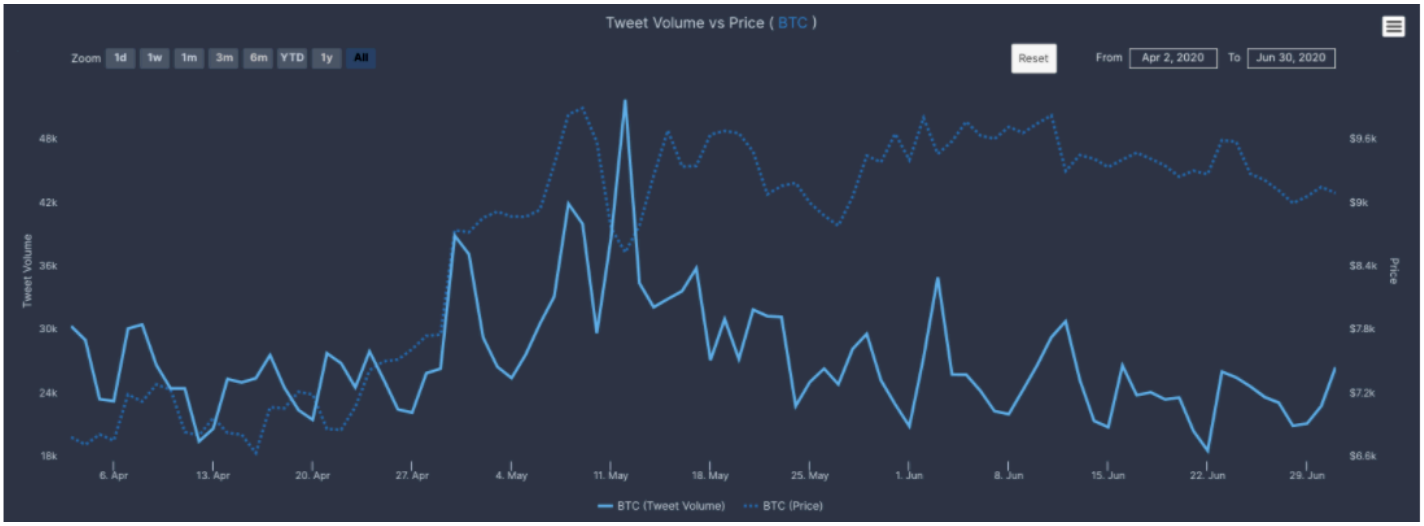
Bitcoin came roaring out of the gate as the second quarter of 2020 began. Bitcoin started the quarter at $6,454 and never looked back, soaring as high as $10K intra-day on May 8th. The upwards price movement can be largely attributed to bullish investor sentiment leading up to Bitcoin's Halving.

**Bitcoin's Halving** on May 11th was the fourth such event for the coin. A halving in the context of Bitcoin is a 50% reduction in the coin's inflation rate. This reward halving decreased the number of Bitcoin mined in each block from 12.5 to 6.25 BTC. Given the price of Bitcoin at the time of the halving, that meant that new Bitcoin created in each 10 minute block decreased from $90K to $45K. In other words, there are now $45K less of Bitcoin being created every 10 minutes. A reduction in supply, that combined with constant demand, many thought would be bullish for the coins price.

A week before Bitcoin's Halving, there were approximately 2,500 tweets per day about the event, with 65% of those Tweets being positive. In the three weeks leading up to the halving, the number of Twitter conversations about the event increased more than 10x.


*Most frequently used words in Tweets mentioning Bitcoin and the percentage of those tweets that are positive or negative. Data on May 5th 2020*

More broadly, Bitcoin tweet volume more than doubled from approximately ~25K Tweets per day towards the beginning of April to a high of 52K tweets on May 11th, the day of Bitcoin's Halving.

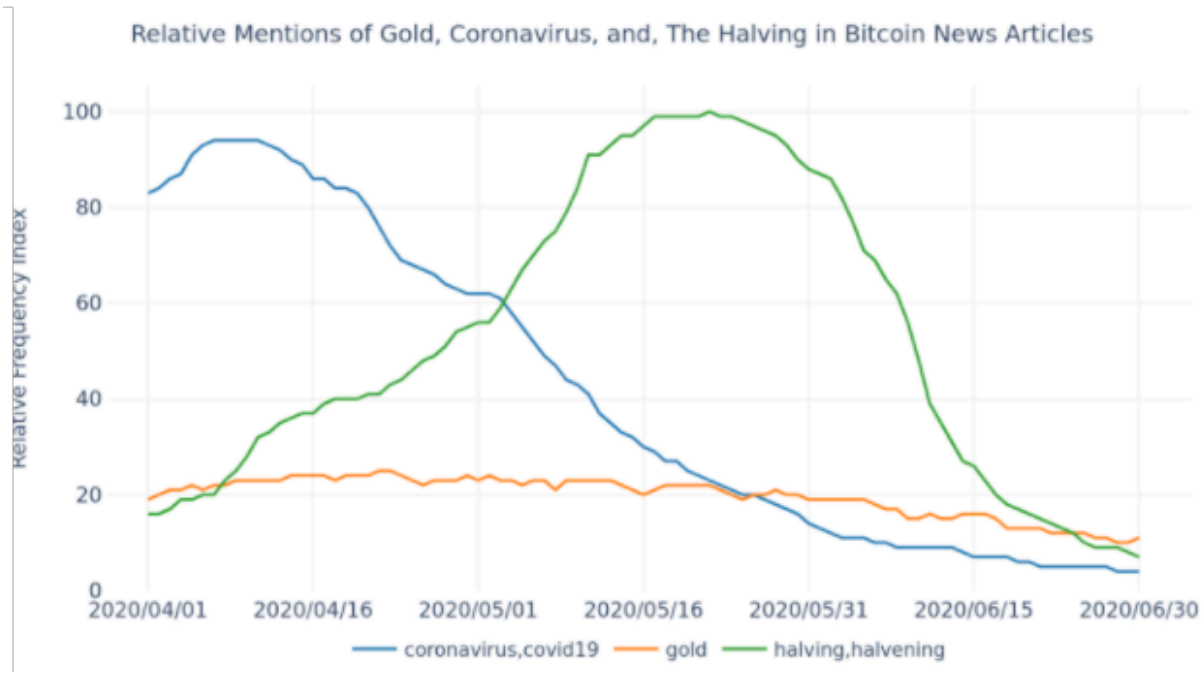



*Bitcoin Price (dotted line) vs. Daily Tweet Volume (solid line) in Q2 2020*

As the halving passed; however, Tweets on the asset decreased throughout most of the rest of the quarter, temporarily spiking on a few occasions including June 2nd as the coin temporarily surpassed $10K for the second time in 2020, on June 9th when Fidelity reported 1/3rd of institutions were holding crypto, and on June 22nd when it was reported that PayPal and Venmo would be rolling out crypto purchasing.

While the price of Bitcoin held up throughout the second half of Q2, trading mainly between an $8,800 and $10,000 range, the coin suffered from a lack of enthusiasm and narrative post-halving. In the weeks leading up to the halving, investors had a narrative and event to be excited about. Throughout the second half of the quarter, the predominant narrative discussed among cryptocurrency investors on Twitter was Bitcoin being a "digital gold" and hedge against macroeconomic uncertainty. However, that narrative has not received as much traction as the halving did. Towards the end of Q2, there were approximately 700 tweets per day mentioning Bitcoin and "gold" with ~58% of those tweets being positive.

A similar pattern is evident when analyzing news articles mentioning Bitcoin. The below chart plots relative mentions of the topics "Gold," "Coronavirus," and "The Halving" in articles mentioning Bitcoin. We can see that Coronavirus mentions fell steeply in the beginning of the quarter as the Halving emerged as the dominant narrative. Within weeks of The Halving ending, media coverage around the event plummeted. The only narrative which received constant attention was the "digital gold" narrative, but mentions of Gold in Bitcoin headlines also fell sharply towards the end of the quarter.




If Bitcoin is going to again capture the attention of the mainstream, beyond better user interfaces and easier fiat on-ramps, Bitcoin needs better narratives. Bitcoin needs a sustainable story that the cryptocurrency community can get behind and support, and that can draw in mainstream enthusiasm.

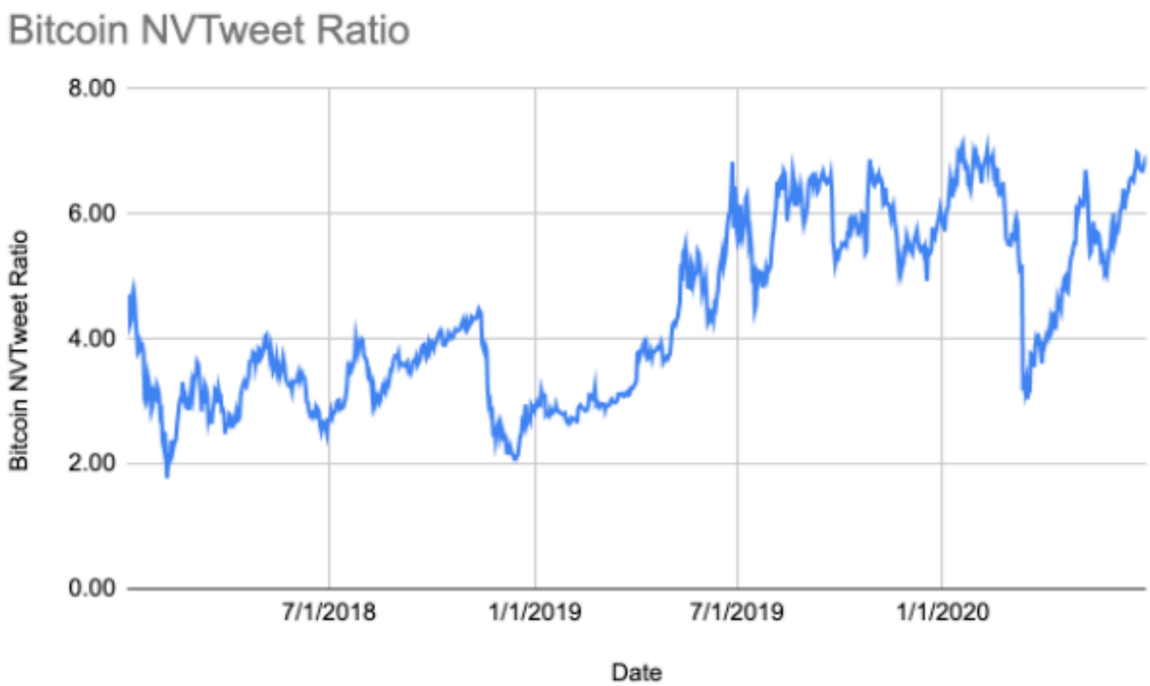
### Bitcoin's NVTweet Ratio Could Imply Institutions Are Here

In June 2020 Bitcoin's NVTweet Ratio again began to soar, hitting 6.98, just below the coins all-time high of 7.12 achieved on January 18th of this year. NVTweet Ratio is a valuation mechanism that compares a cryptocurrency's social conversation relative to its market cap. The NVTweet Ratio looks at how many tweets a particular coin has per each $1M in Market Cap.

An increasing NVTweet Ratio could suggest that a particular coin's market is becoming increasingly driven by institutional trading. As market cap is increasing faster than social volume, this may suggest less retail involvement in the market for a particular coin.

*NVTweet Ratio= Market Cap / 1M / 30Day Average Tweet Volume*

Bitcoin's NVTweet increased by 71% in Q2 2020 from 3.94 to 6.74. Market cap increased at nearly double the speed of increasing social activity — this implies that the sustained support for Bitcoin at ~$9K could be related to an increase in institutional activity.




The implied institutional support of the coin from social trends can be corroborated by significant increases in BTC Options trading on the CME, with volumes jumping by more than 10x month-over-month from May to June. Data from Skew shows that Bitcoin Options Open Interest has soared in 2020, from below $250M in January to over $1.5B at its peak in June.


*Total Bitcoin Options Open Interest. Data via Skew.com*

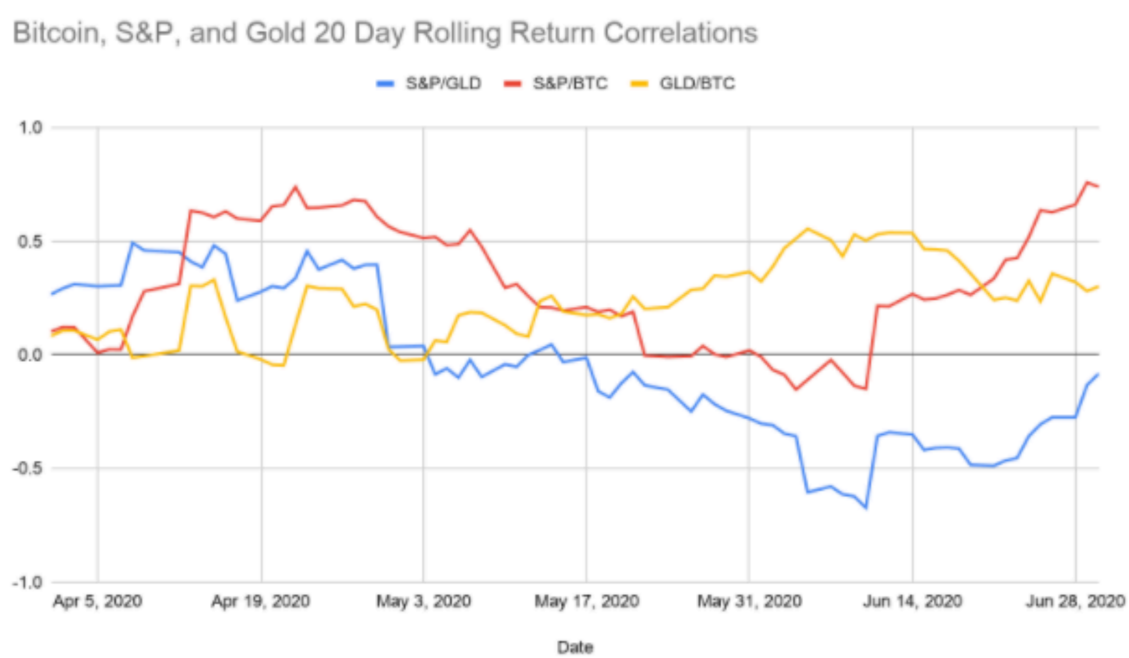
# Bitcoin is not Risk-Off Yet

By: Joshua Frank of The TIE

### The Correlation between Returns of Bitcoin and the S&P 500 Hits an ATH

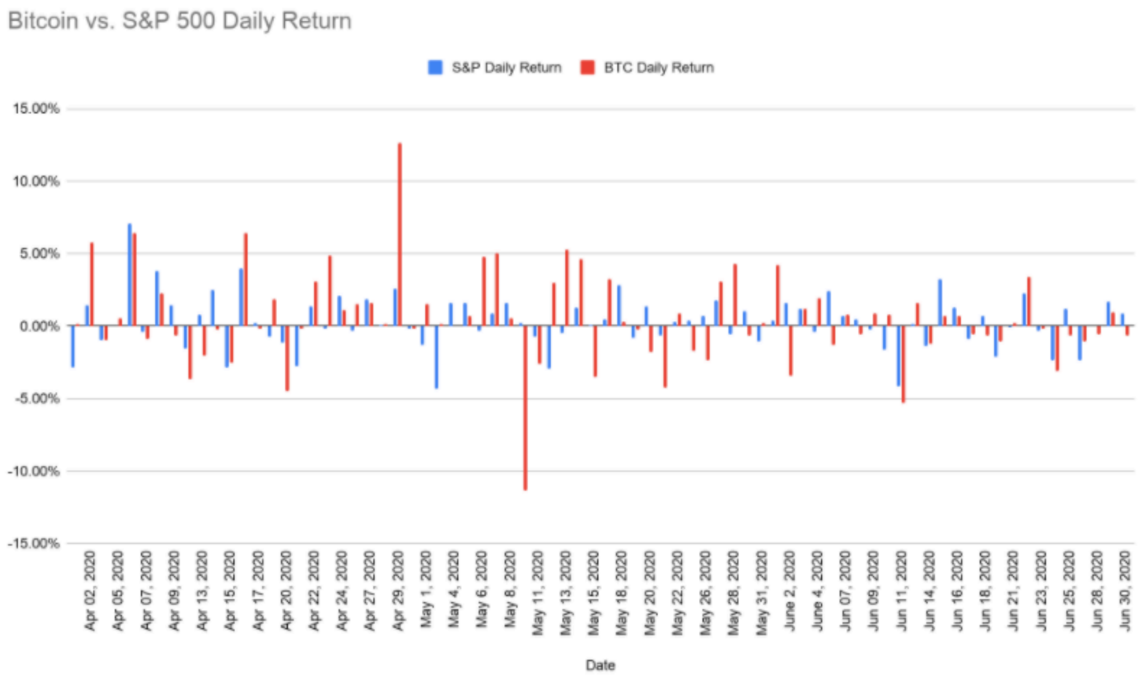
Post-halving, the Bitcoin as a “digital gold” and hedge against macroeconomic uncertainty narrative has become central to the Bitcoin story both in terms of news coverage and social conversation.

While the narrative sounds great on paper, in reality Bitcoin has just hit an all-time high in terms of correlation to the returns of the S&P 500. While the rolling 20 day correlation between Bitcoin and S&P 500 futures fell sharply from .74 to -.149 between mid-April and early-June, it rebounded strongly towards the end of the quarter. On June 29th, the day before the end of Q2, the correlation hit an all-time high of .76.




Just because two assets are correlated does not mean that they are performing the same directionally. If one asset is increasing by 1% a day and another is decreasing by 1% a day, it can be said that the movement of those assets are perfectly correlated, even though they are moving in opposite directions.

In the case of Bitcoin and the S&P 500, the price of both assets moved in the same direction 56% of the time over Q2 2020, including 64% of the time in April and 62% of the in June.




Many have pointed to the fact that in times of crisis, investors rush to liquidity, exiting positions in risk-off assets, including gold for cash. This is evident in the fact that the S&P and gold moved in the same direction 60% of the time in April. However, unlike Bitcoin and the S&P 500, the number of days that the S&P 500 and gold moved in the same direction decreased each month over the

### Days the S&P 500, Gold, and Bitcoin Moved in the Same Direction

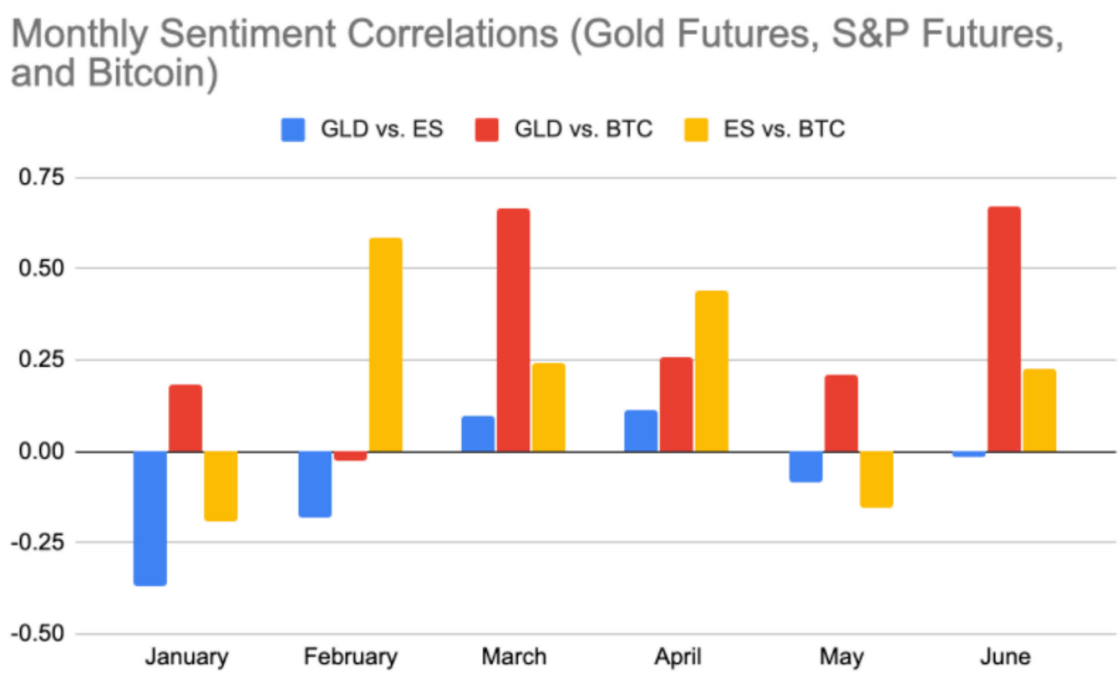
| | **Price Moved in the Same Direction** | **June** | **May** | **April** |
|---|---|---|---|---|
| **Bitcoin & S&P Futures** | 56% of the time | 62% | 44% | 64% |
| **Bitcoin & Gold Futures** | 55% of the time | 50% | 60% | 56% |
| **S&P Futures & Gold Futures** | 48% of the time | 35% | 52% | 60% |

Certainly this macroeconomic climate is different than that of 2009, with the S&P 500 rebounding 35% from lows in only a few months, but it is of note that Bitcoin's daily performance has closely mimicked that of the S&P.

## Investor Sentiment

Investor sentiment paints a rather similar picture for Bitcoin and the S&P 500. In four of the last five months there was a moderate positive correlation between investor sentiment on Bitcoin and investor sentiment on the S&P 500.

While investor sentiment on the aforementioned assets has seen a moderate correlation, it is interesting to note that the correlation between investor sentiment on Gold and Bitcoin matched an all-time high that the two assets set in March of .67 in June.




## What Does this All Mean?

In the midst of COVID-19 and the surrounding macroeconomic uncertainty not much in the market is clear. Seemingly unlimited quantitative easing by governments around the globe and the Davey Day Trader inspired retail rally have proven to be auspicious for the valuation of equities, despite high unemployment and the US GDP on pace to shrink by an estimated 6%.

The sample size is still small to make a bold claim on the performance of Bitcoin in the face of uncertainty. It has not yet proven itself one-way or the other to be a hedging asset. With that in mind, it is interesting that sentiment on gold and Bitcoin have been positively correlated in four consecutive months. If this trend persists, and investors continue to view gold and Bitcoin in a similar light it could be reasonably anticipated that performance might start to mimic sentiment once the true state of the global economy becomes more clear.

# DeFi is Surging, but How Big is it Really?

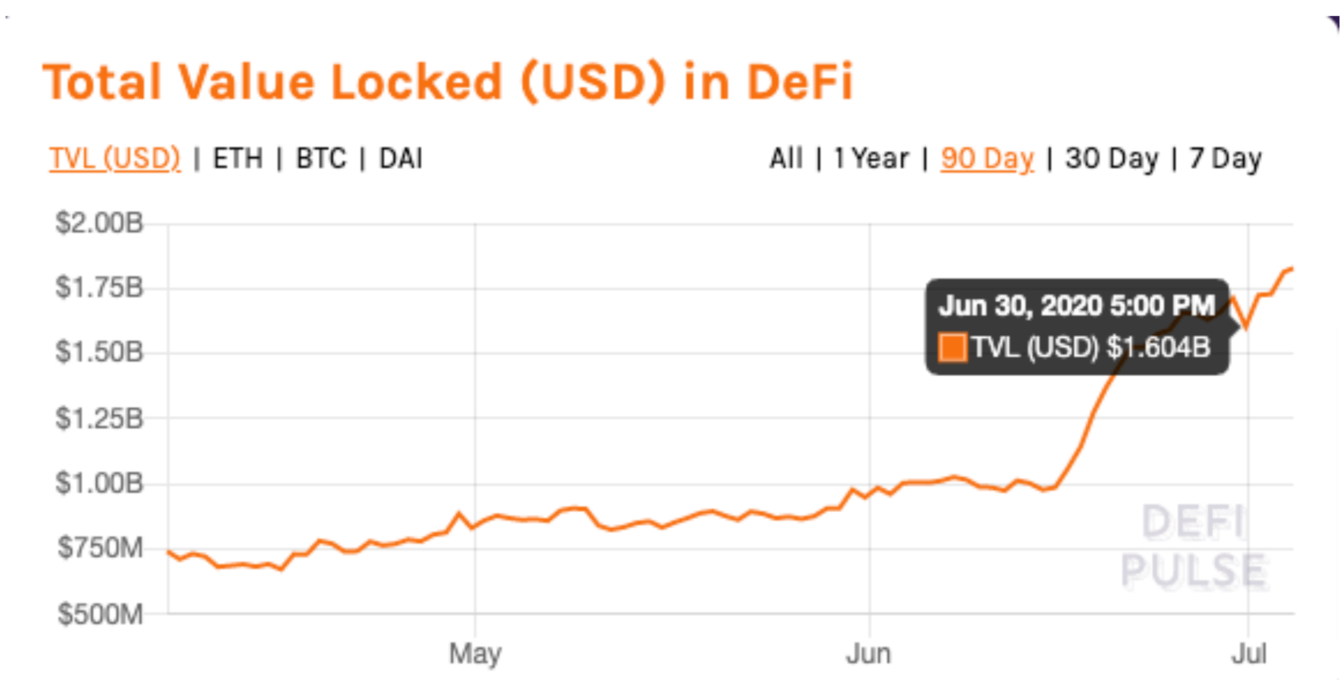
*By: Joshua Frank & featuring commentary from Katie Talati of Arca*

Q2 was DeFi's breakout quarter. DeFi, or Decentralized Finance, is a technological movement that leverages cryptocurrency to provide universally accessible financial services. The DeFi community seeks to provide open financial alternatives for everything — savings, loans, insurance, trading, and more.

Today, nearly all of the leading DeFi applications (dApps) are developed on top of the ethereum (ETH) blockchain and use its smart contract technology. Unlike traditional financial services, dApps are managed autonomously by code, instead of people, and are created to be global, permissionless, transparent, and interoperable.

### Total Value Locked in DeFi Hits an ATH

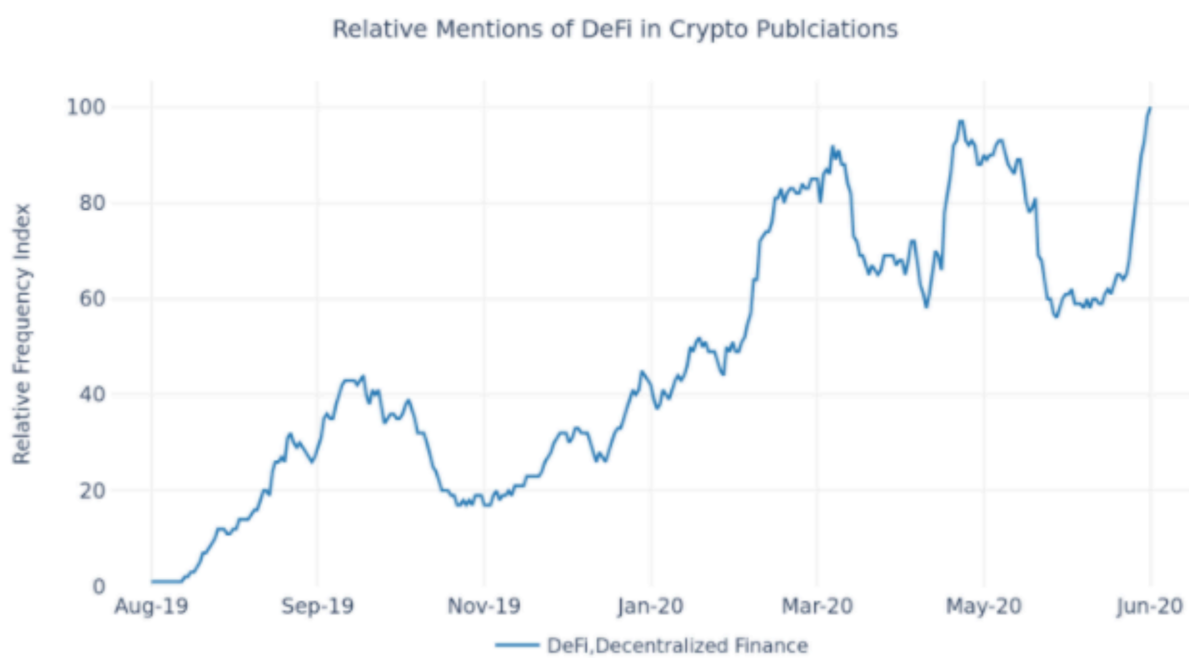
In Q2, total value locked in DeFi surged by 149% from $645M to an all-time high of $1.6B, according to data from DeFi Pulse. Protocols launched in Q2, such as Compound and Balancer, quickly saw inflows of hundreds of millions of dollars as yield farming became one of the most popular trends in crypto.



**Yield Farming,** also known as liquidity mining, is when individuals use their assets to provide liquidity to a protocol. In return, those users will earn interest or additional assets. Compound is an example of a platform where users can earn native tokens by participating in the economy — supplying or borrowing capital. Typically users will liquidity mine on multiple platforms, in hopes of compounding their returns.

### DeFi Publication Mentions Hit an ATH

While DeFi began its surge in November 2019, it started to truly take off towards the end of Q1 2020. Mentions of Decentralized Finance in cryptocurrency publications hit an all-time high to close out the second quarter.

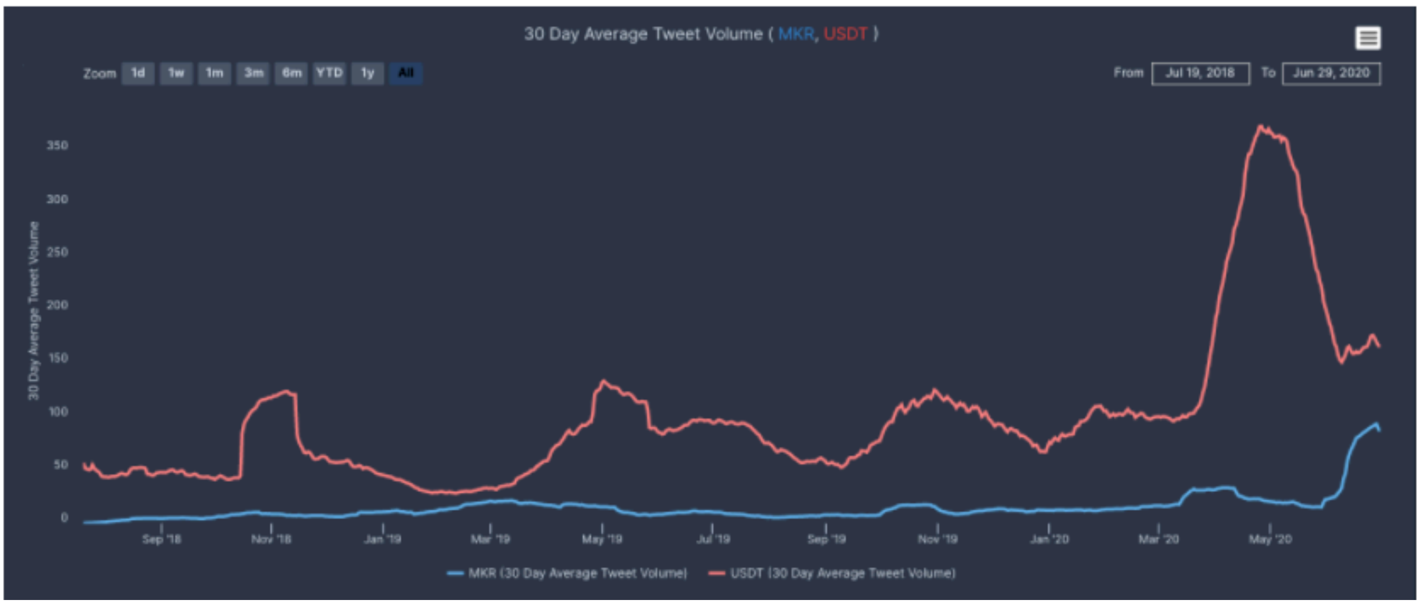



In June, across the 1,200+ leading publications that The TIE tracks, DeFi was the fifth most frequently mentioned crypto-related term, trailing only “Bitcoin,” “Crypto,” “Ethereum,” and “Blockchain.” DeFi was mentioned more than four times as often as leading cryptocurrencies, including Bitcoin Cash, and saw nearly twice as many articles as “Central Bank Digital Currencies.” However, media coverage of decentralized finance was constrained to native crypto publications. Only four new stories about DeFi came from non-crypto news sources in June. In comparison, Bitcoin saw 200 news stories in June from more traditional publications, while Ethereum saw 20.

### DeFi is Growing, but in a Small Community

DeFi is surging, but only within the existing crypto community. In a recent interview with Laura Shin, Chamath Palihapitiya, Founder & CEO of Social Capital and a leading Bitcoin advocate, expressed that he didn't even know what DeFi was.

If we compare tweet volumes on Maker (blue line below), the most well known DeFi platform, vs. Tether (red line below), the most well known stablecoin, we can see that the 30-day average tweet volume on Maker never surpassed that of Tether. That said, the number of conversations on Maker are increasing with the coin peaking at around 90 tweets per day towards the end of June. Tether's all-time high was 375 tweets per day towards the end of April. While DeFi is growing from a social perspective, it is still a relatively small community of supporters.




On-chain activity tells a similar story. In Q2, DeFi protocol, Compound, became one of the hottest stories in crypto after the token was listed on multiple leading cryptocurrency exchanges within two weeks of its launch. It quickly became the largest DeFi protocol by total value locked — the first decentralized finance platform to surpass $600M in total value locked. However, there are still fewer than 7,000 addresses that belong to Compound holders. In some cases, one user may have multiple addresses. Compare this to Bitcoin, which has millions of holders on-chain.

| Name | Locked (USD) *Source: DeFi Pulse* | Market Cap | Number of Holders *Source: Etherscan* |
|---|---|---|---|
| Compound | $596.2M | $502.5M | 6,661 Addresses |
| Maker | $491.9M | $451.1M | 23,723 Addresses |
| Synthetix | $300.4M | $199.6M | 5,387 Addresses |
| Balancer | $129.4M | $70M | 2,593 Addresses |
| Aave | $121.2M | $187.4M | 160,860 Addresses |

The ecosystem of users participating in decentralized finance platforms is likely significantly smaller than the total value locked suggests.

According to Momin Ahmad of Credmark, the leading crypto credit data firm, “Defi’s popularity and perceived success is largely due to the rate at which new products come out. Every quarter since the ICO boom, there seems to always be a new shiny toy that increases locked value, inspires hundreds of tweets and dozens of news articles. Starting in 2019 we saw dYdX launch, then saw Makers’s MCD launch followed by a growing variety of allowed collateral for MCD, followed by Perpetual BTC contracts and now yield farming with COMP and BAL tokens. Meanwhile, the unique addresses using these protocols, while showing growth, is still nowhere close to a point where one could say DeFI is anything but a private club.”

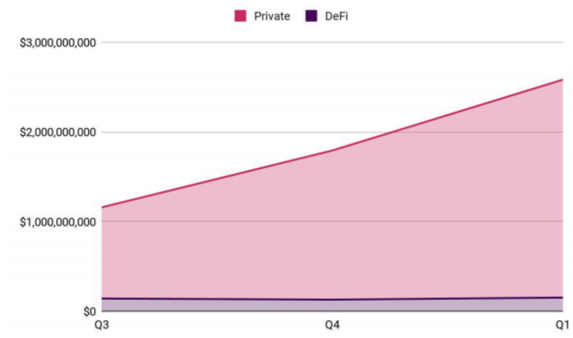
### DeFi is Still a Fraction of Total Crypto Lending

At the end of Q1, active debt, collateral, and interest generated on DeFi protocols was miniscule compared to that from centralized lenders (data via Credmark). On DeFi platforms, active debt was only $152M vs. $2.43B from private lenders. Active collateral was $599M vs. $4.5B, and interest generated was only $3.2M vs. $39.8M.

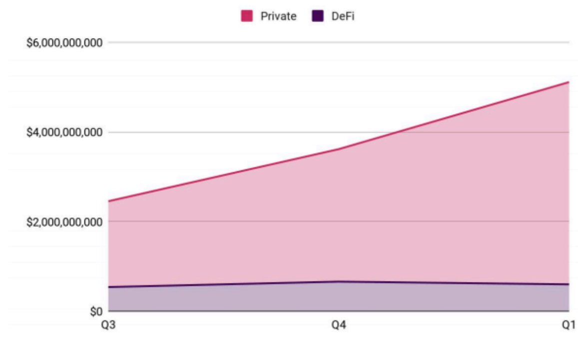
It is likely that these numbers rose with DeFi’s Q2 surge. However, in correspondence with The TIE and eToro, Credmark noted that private lending was still significantly larger than DeFi.

## Private vs. DeFi

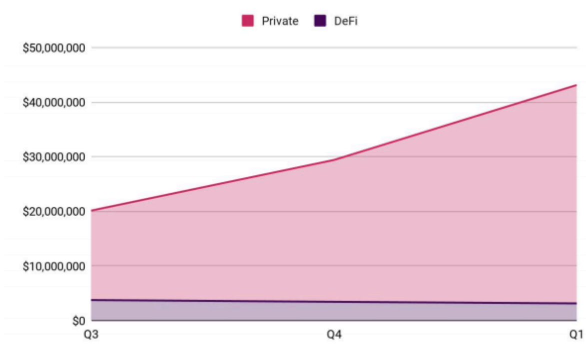
### Active Debt




### Active Collateral




### Interest Generated




*Data via Credmark's Q1 Quarterly Report*

### Hacks are a PR Nightmare

One of the biggest challenges towards widespread DeFi adoption — beyond the complexity — is the constant vulnerabilities that have been exposed on these platforms. While many proponents have claimed that DeFi hacks are just a part of growing up for the emerging technology, the exploit trend shouldn't be ignored. DeFi attacks have been so prevalent that the word "hack" was the 21st most frequently used word in news headlines mentioning DeFi since January 1. Since the beginning of the year, there have been more DeFi headlines mentioning hacks than those mentioning the words growth, ecosystem, or investing.

Total 572 headlines, with 2,200 unique words/phrases.

| | |
|---|---|
| Top 20 | Defi, Ethereum[ethereum], Bitcoin[bitcoin,Bitcoins], Protocol[Protocols], Decentr[Decentralization,Decentralizing,Decentralized], Financ[Finance], Token[Tokenized,Tokenizing,Tokens,Tokenization], Crypto, Platform[Platforms], Launch[Launches,Launching,Launched], Compound, Million[Millions], Price[Prices,Pricing], Coinbas[Coinbase], Loan[Loans], Lock[Locked,Locking], Project[Projects], Lend[Lending], Billion, Back[Backed,Backing,Backs] |
| Top 20-50 | Hack[Hacks,Hacked,hack], Ecosystem, Stablecoin[Stablecoins], Makerdao, Network[Networks], Fund[Funds,Funding], User[Users], Bzx, Grow[Growing], Liquid[Liquidations,Liquidation,Liquidity,Liquidated], Comp, Space, Flash, Blockchain[Blockchains], Make[Making,Makes], World[Worlds], Surg[Surged,Surges,Surging,Surge], Bring[Brings,Bringing], Invest[Invests,Invested,Investment], App[Apps], Balanc[Balance,Balancer], Attack[Attacks,Attacker,Attacked], Oracl[Oracle,Oracles], Announc[Announces,Announced,Announcing], Lead[Leads,Leading], Hit[Hitting,Hits], Chain[Chains], Hacker[Hackers], Power[Powering,Powered], Asset[Assets] |
| | Yield[Yields,Yielded], Interest, Maker[Makers], Dforc[Dforce], Rais[Raised,Raises,Raising], Data, Startup[Startups], Case, Dapp[Dapps], Exploit[Exploited,Exploits], Chainlink, Cryptocurr[Cryptocurrency,Cryptocurrencies], Synthetix, Investor[Investors], Ventur[Ventures,Venturing,Venture], Risk[Risks], Rise[Rises,Rising], Join[Joins], |

### A Sample of DeFi Hack Headlines Q2 2020

| DATE | HEADLINE |
|---|---|
| June 29, 2020 | DeFi Protocol Balancer Hacked Through Exploit It Seemingly Knew About |
| June 18, 2020 | A cryptocurrency bug put $545,000 of DeFi funds at risk |
| April 27, 2020 | DeFi Bug Freezes $30,000 of Ether Forever |
| April 19, 2020 | DeFi protocol dForce loses ~$25M total locked value in an exploit |
| April 19, 2020 | A DeFi App Was Just Hacked For Over $300,000 in Ethereum and Bitcoin |

### Risks of Centralized vs Decentralized Lending Platforms

Beyond hacks, decentralized finance platforms are exposed to additional risks not present in centralized platforms. According to Paul Sacks, Co-Founder of Digital Gamma, the first tri-party repo platform for crypto:

> *"On a decentralized platform your counterparty risk, in many respects, is the smart contract to which you have given your crypto. If you didn't look at the code, or you don't understand how it works, then you have just entered into a credit arrangement on faith. And it's not just the code, it's the workflow, too. If an asset rapidly declines in value, it is safe to say that there will be an increase in demand placed on the network that supports that asset. If this congested network is the way in which you need to send a time-sensitive payment to address your shortfall ... then, well, you do the math.*
>
> *On a centralized lending platform, your counterparty risk is the platform itself. Most of the time it's opaque. You have no visibility into their risk-management. Generally speaking, there are no audited financials, no credit rating agency, and no track records. Through the lens of traditional finance, it would be a sub-junk credit. Again, it's basically faith. If your transaction is uncollateralized, and they shut their doors, you're looking at a 120-150% haircut with no recourse.*
>
> *Both scenarios are complex and difficult (if not impossible) to analyze. This is all a big experiment. We are all participating in beta. Know that. Own that."*

## DeFi is Still in Beta

Decentralized finance platforms are still in their infancy. Despite increased media attention within crypto and skyrocketing total value locked, DeFi is still a very small community. Decentralized finance platforms are not a replacement for centralized financial applications. Their sheer complexity and risk are barriers for mainstream adoption in the short-term.

With that in mind, we asked Katie Talati, Vice President of research for Arca to comment on the state of DeFi and its impact on both Ethereum and decentralized applications more broadly.

# A Hedge Fund VP's Take on DeFi

By: Katie Talati

Katie Talati is Vice President of Research at Arca - an innovative, digital asset investment company that blends traditional finance with cutting-edge blockchain technology. Arca's products offer investors the ability to safely and thoughtfully invest in digital assets utilizing blockchain technology. Arca is forging a path for investors to join the digital future, while upholding the high regulatory, legal and operational standards that are used and applied in the traditional finance sector.

**Many of the largest DeFi projects are still small in terms of user base. Will these projects see mainstream adoption? If so, how do they get there?**

There are two large impediments for the mainstream adoption of DeFi projects getting fiat into these protocols and user experience. The first issue relates to what are called "on-ramps," which are the ability to take your local currency/fiat and turn it into crypto. If you want to take out a loan on Maker, Compound or Aave, for example, you need to have crypto (usually ETH or DAI) before you can do so. Since you cannot get crypto directly through these protocols, it throws up an initial barrier to entry for new users, especially those that are not crypto native. If a user wants to buy crypto to use a DeFi protocol, they must first go to a centralized exchange, set up an account, potentially provide KYC, wait 3-5 business days for a bank wire/ACH or debit card transaction to occur, buy the crypto on exchange, then transfer it out. At that point they have wasted several days of time and also money on fees before they can even use this product. If DeFi's purpose is to bank the unbanked, how do they expect to do that with all these hurdles that require traditional banking access?

The second issue has to do broadly with user experience (beyond the lack of on-ramps). Crypto has long suffered from the problem of poor user experience. Most of the developer talent has focused on building the core or protocol layers of these projects, and not as much on the user experience. In addition, most DeFi projects are built on Ethereum's network, which processes transactions in 2-3 minutes under normal conditions, but can take up hours if the network is congested. For users interacting with this slow and buggy technology, it's not exactly enticing to new individuals, especially considering they need to trust these technologies with handling funds.

DeFi has created new and novel ways for us to execute traditional financial transactions while removing the middlemen. However, these protocols are not really serving any new users beyond those who are crypto native and have spare capital to play around with. Projects that wish to bring in fresh capital need to focus their attention on bridging the DeFi world with the traditional banking world and provide easy access to crypto from the start with a smooth user experience.

### Total value locked in DeFi has hit an all-time high. Does total value locked matter more than the sheer number of users? How do both metrics impact the Ethereum network which they are built on top of?

Total Value Locked (TVL) is a slightly misleading metric because it's based on the dollar value of everything locked in DeFi (which can fluctuate with the prices of assets in the market) and not all DeFi applications can be measured using the amount of value locked. Because tracking the actual number of users can be incredibly difficult (a user can create multiple accounts/addresses), people have relied heavily on TVL as a proxy for usage. But a project can have 10 users each locking 100 ETH for a total of 1,000 ETH locked, while another project could have 100 users each locking 1 ETH for the same total. Which would you say is more valuable in terms of having greater usage?

The number of users has a greater impact on the Ethereum network, at least in terms of usage. Executing a transaction on Ethereum costs the same amount in gas regardless of what is being executed, so a greater number of users will create a greater number of transactions. The same does not happen when large amounts of assets are being transferred by a smaller number of people.

### Is Decentralized Finance or Stablecoins a more important narrative for Ethereum?

Stablecoins are currently a more important narrative for Ethereum, mostly because stablecoins (as a concept and use case) are easier to understand than DeFi. Once a sufficient number of people understand stablecoins and the process to acquire them to enter into Ethereum, onboarding them into DeFi will be far easier and drive more network effects.

### When determining whether to invest in or trade a protocol (like Ethereum, Bitcoin, or EOS), how much do you consider the traction or usage of dApps built on top of the platform? What other metrics are you considering?

Usage and traction are definitely metrics we consider in addition to other metrics, such as number of transactions, transaction fees, number of active addresses or addresses holding a certain amount of the base asset. Although we consider these metrics for smart contract platforms, I have yet to see how usage on networks accrues value back to the base asset. A number of people in crypto subscribe to the "fat protocol thesis" which basically says that the underlying network is more valuable than what is built on top of it. While that might be true, the assets that are at the base layer do not necessarily accrue value beyond becoming a payment or gas token.

# Quarterly Contributors

The Quarterly Contributor Series covers unique cryptocurrency narratives from the past quarter, written by leading experts in the field of digital assets. This quarter's contributors are Jorge Pesok from the law firm Crowell & Moring and Philip Gradwell from blockchain analysis firm, Chainalysis. This quarter's Founders Series features Justin Sun of TRON.

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## What Telegram's Settlement With The SEC Tells Us About Future Cryptocurrency Enforcement Actions and Litigation Strategies

By: Jorge Pesok

CHAINALYSIS

## On-Chain Trends

By: Philip Gradwell

TRON

## eToro Founders Series Featuring Justin Sun of TRON

# Telegram's Settlement and Future Cryptocurrency Enforcement Actions and Litigation Strategies

By: Jorge Pesok

crowell moring

Jorge Pesok is a counsel in Crowell & Moring's White Collar & Regulatory Enforcement and Blockchain and Digital Assets practices in the New York office. Jorge's practice represents financial institutions, technology companies, digital asset trading platforms, and individuals in a variety of regulatory, compliance, and litigation matters. His work includes representing clients in enforcement and litigation matters before the SEC, DOJ, CFTC, and CME. Jorge also counsels blockchain and distributed ledger technology clients on the application of federal and state securities, commodities, and money transmission laws.

On June 25, 2020, Judge P. Kevin Castel of the U.S. District Court for the Southern District of New York issued the final judgment in the U.S. Securities Exchange Commission's (SEC) legal battle with Telegram Group Inc. and TON Issuer Inc. (collectively, "Telegram") marking the official end to one of the most important legal battles in the cryptocurrency space. The final judgment was an approval of the settlement agreement entered into between the parties in which Telegram agreed to, among other things, a $1.22 billion disgorgement, an $18.5 million civil penalty, and give the SEC 45 days' "notice before participating in an issuance of 'cryptocurrencies,' 'digital coins,' 'digital tokens,' or any similar digital asset issued or transferred using distributed ledger technology." As the first litigated case to test the theory underlying the Simple Agreement for Future Token (SAFT), some of the implications of this decision are already evident. The full impact of this decision, however, will likely take years to fully materialize.

One of the most significant parts of the court's decision is its holding that Telegram SAFT investors are statutory underwriters and therefore Telegram's SAFTs are not entitled to the exemption from registration in Rule 506(c) of Regulation D under the Securities Act of 1933 (the "Securities Act"). As more fully discussed in this article, the legal implications of that holding should not only give pause to issuers and participants in token offerings who executed SAFTs, but also to issuers who previously thought they were immune from civil litigation because the one year statute of limitations applicable to unregistered securities offerings has run.

## Background

The SEC commenced its action against Telegram on October 11, 2019, alleging that Telegram's planned offering of Grams violates the registration requirements of Sections 5(a) and 5(c) of the Securities Act and requested a temporary restraining order (TRO) against Telegram.

At the center of the dispute is whether issuers of digital tokens can avoid registering their sale with the SEC by issuing them pursuant to SAFTs. SAFTs are instruments, typically issued to sophisticated investors prior to the development of the underlying functionality of the tokens that convert into digital tokens upon completion and launch of the functionality. While in many cases issuers treat SAFTs as securities and offer and sell them pursuant to the exemption from registration in Rule 506(c) of Regulation D under the Securities Act, they have typically taken the position that the digital tokens that are later distributed upon conversion of the SAFTs, when the development of the underlying functionality is complete, are not securities and not part of an integrated offering. The issuer's theory is typically that once use-cases exist for the tokens, they no longer constitute securities, but rather utility tokens that can be distributed as commodities or currency without being subject to regulation as securities by the SEC. Hence issuers claim that there should be no integration between the initial SAFT offering and any future token conversion or re-sale of tokens.

The status of the SAFT itself was not at issue in this case as Telegram conceded its SAFTs are securities. What was at issue, however, is whether Telegram's planned creation and distribution of Grams to the SAFT investors, after the use-cases have been developed (i.e., the "functional consumptive uses" of Grams), and the subsequent re-sale of Grams to the public by the purchasers of the SAFTs, constitute an integrated offering and sale of securities subject to regulation by the SEC.

Telegram argued that its SAFTs and the Grams were not part of an integrated offering but rather must be separately analyzed from the SAFTs under the federal securities laws. Telegram also noted that the SAFT investors warranted and represented to Telegram that they were purchasing Grams for their own account and "not with a view towards, or for resale in connection with, the sale or distribution."

The SEC took the position that the SAFTs and the issuance of the Grams were part of an integrated offering and that the time delay between the SAFTs and issuance of the tokens is immaterial. In particular, the SEC alleged that Telegram's SAFTs are not entitled to the benefit of an exemption from registration (e.g., Rule 506(c) of Regulation D) because Telegram did not intend the Grams to come to rest with the SAFT investors and upon delivery of the Grams to the SAFT investors, those investors, functioning as statutory underwriters, intended to resell the Grams in the secondary markets thereby completing Telegram's unregistered offering.

### The Court's Decision

Judge Castel's 44 page opinion methodically dismissed Telegram's arguments and adopted those of the SEC. The court looked beyond the representations in the SAFTs, focusing almost exclusively on the economic realities of the Gram distribution "scheme."

In its most consequential holding the court adopted the SEC's argument and held that Telegram's sale of Grams to the SAFT investors were not entitled to the benefit of an exemption from the registration requirement under either Section 4(a) or Rule 506(c).

As a recap, Rule 506 of Regulation D states that "[o]ffers and sales of securities by an issuer that satisfy the conditions [of this Rule] shall be deemed to be transactions not involving any public offering within the meaning of section 4(a)(2) of the [Securities] Act." Crucially, Rule 506(c) requires, among other things, that the sales satisfy Rule 502(d). In pertinent part, Rule 502(d) requires that the issuer "exercise reasonable care to assure that the purchasers of the securities are not underwriters within the meaning of section 2(a)(11) of the [Securities] Act." Section 2(a)(11) defines an "underwriter" as "any person who has purchased from an issuer with a view to . . . the distribution of any security."

The court dismissed Telegram's claims that it complied with Rule 502(d) through the provision in its SAFT requiring the investors to represent and warrant that they were "purchasing the Tokens for [their] own account and not with a view towards, or for resale in connection with, the sale or distribution." The court reasoned that "in evaluating [the] economic reality of this scheme, legal disclaimers do not control" and that the "representation and warranty that the [SAFT investors] purchased without a view towards resale rings hollow in the face of the economic realities." The court further reasoned that "[t]he economic reality of Telegram's course of conduct is straightforward and rather easily understood." The court was unequivocal, "find[ing] as a fact that the economic reality is that the Gram Purchase Agreements and the anticipated distribution of Grams by the [SAFT investors] to the public . . . are part of a single scheme," and therefore, the SAFT investors which "acted as mere conduits to the general public, are underwriters."

### SAFT Investors as Underwriters

The Court's opinion will undoubtedly reverberate through the cryptocurrency industry. In particular, Judge Castel's determination that the Telegram SAFT investors are underwriters may be the biggest game-changer as it could carry significant legal implications for SAFT issuers and investors· implications that likely were not contemplated when the investors entered into the Telegram SAFTs. The SEC has not brought charges against any of the Telegram SAFT investors in this matter and there is no indication that it intends to, but that does not mean it will not bring charges in the future or in another matter.

By deeming SAFT investors to be underwriters, Judge Castel and the SEC have converted the role of the SAFT investors from passive to active. That conversion may carry significant legal implications ranging from SEC enforcement actions to private plaintiff litigation. For example, the SEC, relying on this precedent, may name SAFT investors as defendants in future actions against SAFT or token issuers in which it alleges that the issuers and defendants offered and sold unregistered securities.

SAFT investors should also be aware that they may be named as defendants by private litigants claiming that they offered and sold unregistered securities under Section 12(a)(1) of the Securities Act.**[1]** Depending on the facts and circumstances, SAFT purchasers (as statutory underwriters) may also face disclosure liability under Sections 11 and 12(a)(2) of the Securities Act, as well as fraud liability under Rule 10b-5 of the Exchange.

### Potential Extension of Applicable Statute of Limitations

The plaintiffs' bar has been very active this year in the crypto space. In April alone, 11 class actions were filed in the Southern District of New York against four crypto exchanges and seven digital token issuers. While the claims in each of the actions are different, the central claim is that the issuance of the relevant digital asset constitutes an unregistered securities offering in violation of Section 12(a)(1) and Section 5 of the Securities Act. As many legal commentators have rightfully pointed out, to survive dismissal of these claims, plaintiffs will have to overcome the one-year statute of limitations that governs such claims. The Court's ruling "that the Gram Purchase Agreements and the anticipated distribution of Grams by the [SAFT investors] to the public . . . are part of a single scheme," clears a path for plaintiffs to bring claims against issuers that distributed their tokens pursuant to SAFTs because, based on the particular facts and circumstances of their case, the applicable one-year statute of limitations may not have run until the SAFT investors distributed all of the digital assets they received pursuant to the SAFT.

Judge Castel's decision does not contemplate these potential implications. But given the plaintiffs bar's interest in the digital asset industry, it is advisable that all SAFT participants review their exposure.

### Conclusion

Though this case has settled, its implications on the cryptocurrency industry have yet to fully materialize. The plaintiffs' bar is likely to cite this case in an attempt to defeat statute of limitations arguments, and to expand its list of potential defendants to include SAFT investors. Similarly, it is not yet clear how the SEC will adjust its crypto enforcement strategy as a result of this victory. For example, the SEC could use this decision to expand its enforcement targets in the crypto space from direct issuers to ancillary players that facilitate the distribution of alleged unregistered securities. Though the SEC has brought some actions against these ancillary players in the past, it has focused predominantly on the issuers themselves. Thus, it is reasonable to predict that we will hear about this case for years to come.

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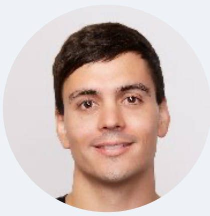
[1] Section 12(a)(1) of the Securities Act provides that:

> Any person who … offers or sells a security in violation of [Section 5] … shall be liable … to the person purchasing such security from him, who may sue either at law or in equity in any court of competent jurisdiction, to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such security, or for damages if he no longer owns the security.

# Q2 On-Chain: Bitcoin Gets Older and Colder, and Tether Takes on Bitcoin

By: Philip Gradwell

Chainalysis



Philip Gradwell is Chief Economist at Chainalysis, the blockchain analysis company. He analyses on-chain data to understand cryptocurrency markets. This includes identifying economic fundamentals, how cryptocurrency moves on-chain between exchanges and across borders, and the nature of crypto crime, amongst other topics. Prior to joining Chainalysis, Philip led a team of economic consultants working globally on energy system analysis and climate change economics.

Chainalysis' on-chain data gives insight into the uses of cryptocurrencies:

- Bitcoin gets older and colder in Q2, with more held for longer and less in circulation as investors become more passive, possibly reducing market volatility.
- Bitcoin Cash and Litecoin holdings are older and less active than bitcoin, risking their price support, with their price per bitcoin already down over 30% in Q2.
- Ethereum is more like Tether than bitcoin, with more liquid circulation and USD transaction value up 15% in Q2.
- Tether transaction value increased 54% in Q2 to equal half the level of bitcoin, as the shift to Tether on Ethereum drives adoption. At the same time, Tether started to act as a store of value, with 51% of supply illiquid in Q2, up from 32% in Q1.

Blockchains provide transparency on the holdings and movement of cryptocurrencies. It is like knowing when any gold bar is picked up or put down. Raw blockchain data, however, only describes the addresses that cryptocurrency is held in and moves between, similar to a safety deposit box holding gold bars. Also, a person's vault may contain many safety deposit boxes. At Chainalysis, our advanced analytics means we understand the vaults, not just the safety deposit boxes, although we only name the vaults of businesses. Due to our 'on-chain' data, we can measure relevant metrics, such as the total number of gold bars in a vault, and when gold bars enter and leave the vault rather than just move around inside.

It also means we can make comparisons across cryptocurrencies, as the bullions of cryptocurrencies are designed differently. For example, bitcoin is based on UTXOs and Ethereum on accounts, similar to how the value in a vault of gold can be compared with the value in a vault of silver.

With this data, we can analyze how long cryptocurrency is kept in vaults, its age, and how much cryptocurrency is in vaults that are liquid sources vs. vaults that are illiquid sinks. We can also analyze how much cryptocurrency is sent between vaults, and the age and liquidity of the vaults that send it.

These metrics tell us how people are using cryptocurrency. Do they tend to hold on to it? Have they held it for a long time? How much is sent? Is it sent from people who tend to send their cryptocurrency? And how long did they hold it before they sent it? For example, at the end of Q2, 56% of bitcoin had been held for more than a year and 80% was illiquid (in vaults that send on less than ¼ of what they receive). Based on this data, most bitcoin is held by people as a long-term investment and rarely moves. However, 1.77 million bitcoin were sent per week on average in Q2, about 10% of the supply, moving a USD value of $15 billion per week. 81% of this bitcoin was held for less than two weeks before being sent and 67% was highly liquid (from vaults that send on more than two-thirds of what they receive). So, the minority of bitcoin that moves rapidly, circulates, mostly between exchanges.

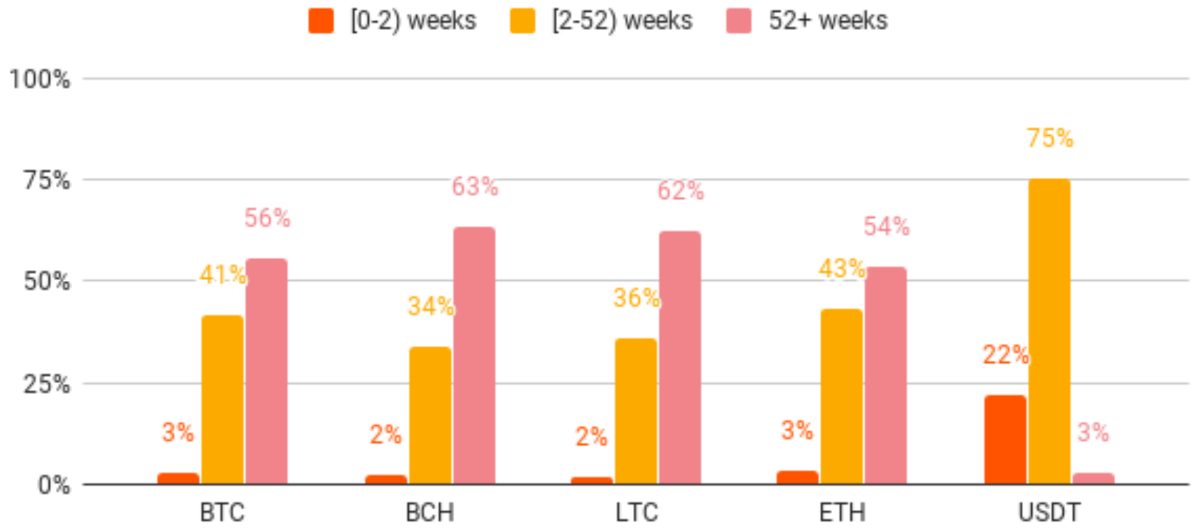
Our numbers have a bias. We tend to count more bitcoin being sent between vaults than actually is the case. Furthermore, this overestimate will tend to be sent from younger and more liquid vaults. This is because when bitcoin is moved, the safety deposit box — the address holding the cryptocurrency — is emptied and the bitcoin split into new safety deposit boxes. This also happens in other cryptocurrencies. Some boxes will be sent to other people's vaults, while others will return to the original vault. When there is uncertainty as to which vault a box has gone to we are cautious, treating the box as if it is in its own new vault.

As a result, there tends to be more cryptocurrency moving between a greater number of younger and more liquid vaults than what is actually the case. However, this bias is unlikely to be significant. Chainalysis' core business is identifying which boxes belong in which vaults, and in this analysis we make adjustments such as removing flows between vaults that contain only one box for less than a day.

A stark contrast exists then, between the majority of bitcoin held for investment as digital gold, and the minority of bitcoin used to transfer value — and this transfer of value is mostly between exchanges, to balance supply across retail markets balkanized by access to different fiat currencies. In Q2, the balance tipped even further toward bitcoin as digital gold, with a 3 and 2 percentage point increase in the share of illiquid bitcoin and share of bitcoin held for more than a year, respectively, compared to Q1. This move to older and colder reflects, or may even drive, the decline in price volatility since May as investors become more passive.

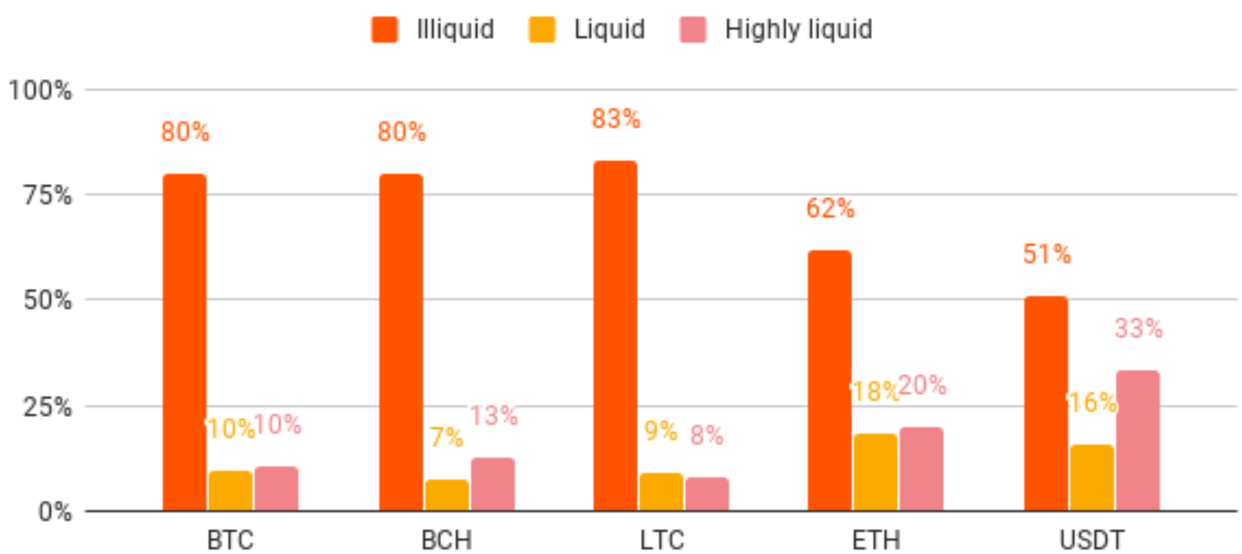
## Over half the supply of each asset has been held for more than a year, except for USDT

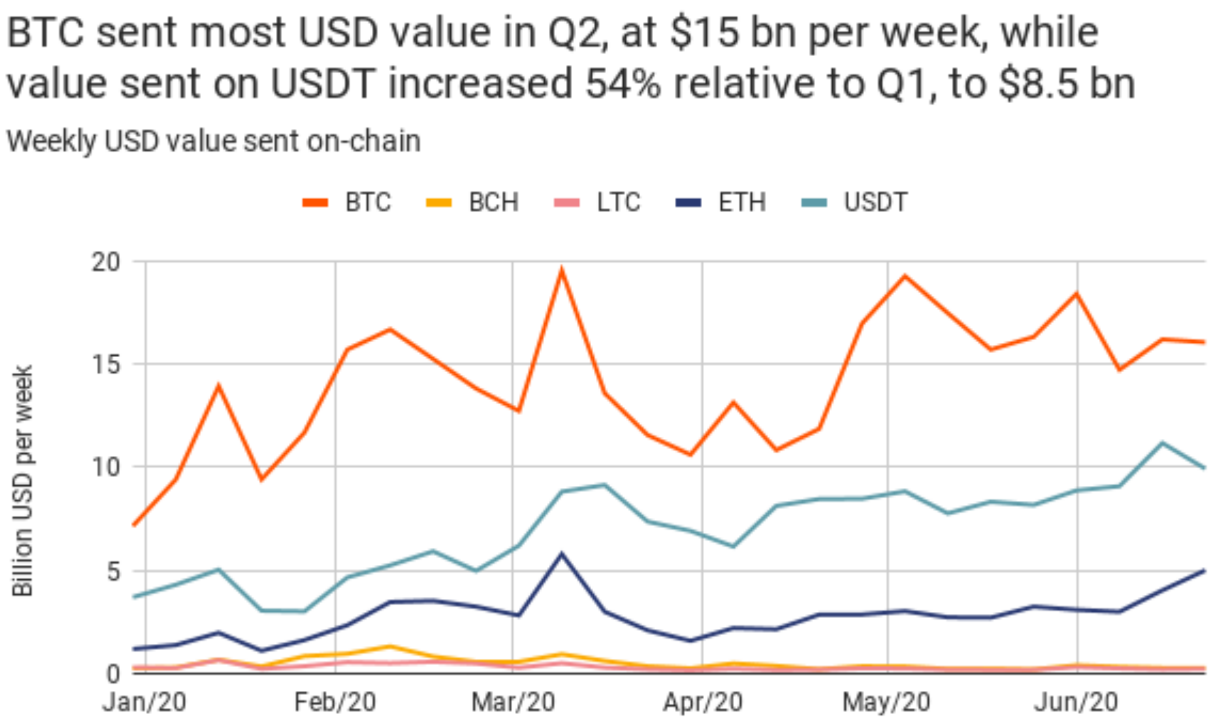
Share of assets held by age at end of Q2




## Over 80% of BTC, BCH and LTC is illiquid, held by entities that send <25% of their assets, while ETH and USDT are more liquid

Share of assets held by liquidity at end of Q2






Bitcoin Cash and Litecoin are older and less active than bitcoin. The data shows they are as illiquid as bitcoin, but with an even greater share of assets held for more than a year. In Q2 there was a significant increase in Bitcoin Cash and Litecoin held for more than a year, with an 8 and 5 percentage point increase, respectively, compared to Q1. They also move far less USD value than bitcoin, at just 2% and 1.5% of the value bitcoin moved per week on average in Q2 for Bitcoin Cash and Litecoin, respectively. The combination of ageing and inactivity means these assets risk losing their price support — and their price per bitcoin has declined by 31% and 33% in Q2 for Bitcoin Cash and Litecoin, respectively.

Ethereum has a similar age profile to bitcoin, but 38% of Ethereum is liquid or highly liquid compared to 20% of bitcoin. In fact, Ethereum's liquidity is more similar to that of Tether, which we analyze on Bitcoin's Omni Layer and on Ethereum. Surprisingly, for a stablecoin often viewed as money, 51% of Tether was illiquid at the end of Q2. This is a big change from Q1, when 32% of Tether was illiquid. In this last quarter of global crises, Tether may have found a new use case: as a store of value. After the supply of Tether on Bitcoin and Ethereum increased by 50% in Q1 and 27% in Q2, there is now enough Tether to go around.

So as Tether may be finding a new use as wealth, Ethereum transactional use is increasing — perhaps due to increased interest in DeFi. Note we remove ERC-20 transactions from our Ethereum data, so this represents the actual use of Ethereum. However, Tether still leads Ethereum in terms of transaction volume and is second only to bitcoin in this metric, with $8.5 billion sent per week on average in Q2, a huge 54% increase on Q1 volumes. Q2 volumes are an upper bound estimate that may be revised down. The trend is clear though that the shift to issuing Tether on Ethereum, adding $3.7 billion from 18 February to end of Q2, has increased the transactional use of Tether.

Ethereum on the other hand moved $3 billion per week in Q2, a 15% increase on Q1. Therefore the data indicates, for both Ethereum and Tether, the start of new trends alongside existing ones, rather than changes in narrative. But it will be interesting to see if Ethereum starts to break away from the buy-and-hold world of bitcoin, Bitcoin Cash and Litecoin, and if Tether starts to enter this world.

This analysis considered just three metrics, but shows that Chainalysis on-chain data gives insight into cryptocurrencies that is not possible in other asset classes. We will be announcing more market-relevant metrics very soon, so follow us on Twitter at @chainalysis for the latest updates.

# eToro Founders Series
# Justin Sun - TRON

**Founder of TRON**

Justin Sun is a tech entrepreneur, the founder of the cryptocurrency platform TRON and current CEO of BitTorrent. He is also the former chief representative of the Greater China area of Ripple; founder and CEO of mobile social app Peiwo

### How important do you think social media and market sentiment is to digital asset adoption?

TRON is a community first project. We have become successful as a project by putting our community first, what they say and think is important to us and we take it seriously. Sentiment analysis and social listening is how we keep a pulse on the heartbeat of our community. Blockchain is difficult to understand for most people at first. By understanding the language we use in blockchain, we can understand how to communicate better. Sentiment analysis tells us how well we are communicating to the world about blockchain. If we can communicate the real world use cases of blockchain effectively, we can bring blockchain to everyone.

### How do you manage to promote and manage both your personal brand and a decentralized protocol at the same time? Are those contradictory to each other?

Our first priority is to help the world, starting with our community of new and veteran blockchain enthusiasts. We cannot wait for the world to change first. Everything we do on social media is to bring attention to real-world use cases for blockchain. Everything that TRON blockchain does on social media is to exemplify those use cases.

### How do you measure the success of TRON, BitTorrent, and Steem? What are your KPIs?

Positive, neutral and negative sentiment. Some people say all press is good press. We believe that we should learn from our mistakes and the mistakes of others; this is something I learned from Jack Ma. Since we started TRON, our number 1 KPI is what our community thinks, wants and needs. If our community is happy, it says to us that we are heading in the right direction.

**You have done arguably the best job out of anyone in cryptocurrency at generating publicity towards your protocol. What lessons can you share with us on how crypto goes mainstream?**

For crypto to go mainstream, you need to have: (1) viable products with real-world use cases, (2) a strong, vibrant and healthy community, and (3) enterprise-level partnerships. Through our partnership with Samsung, we brought blockchain technology to over 2 billion devices was arguably one of the biggest ways that the blockchain was made accessible to the masses.

**TRON has led the way in crypto M&A. What trends do you see occurring as it relates to mergers and acquisitions in the cryptocurrency space? What types of acquisition targets do you think TRON will be looking at throughout the rest of 2020 and into the future?**

We are actively looking for potential M&A deals but execute very selectively. There would be more M&A deals across the board this year and next as the industry is going through a wave of consolidation.

**What is the best decision and biggest mistake that you have made as an entrepreneur?**

My best decisions as an entrepreneur were focusing on building viable products, partnering with large enterprises as well as cultivating an excellent team that takes TRON to the next level. My struggles as an entrepreneur are bandwidth management, given the limited resources. It is difficult to find talent that understands the pace of our industry and the technicality of distributed ledger technologies. I like to be involved in the day to day happenings and sometimes find myself wishing that there were more hours to each day!

**What are the most exciting developments for TRON in 2020?**

The most significant development for Q3 is the conclusion of the TRON Odyssey era and the beginning of TRON 4.0 — the era of the Great Voyage. The launch of TRON 4.0 will be a pivotal moment not only in the history of TRON but the history of blockchain: TRON 4.0 is the manifestation of the vision to "Decentralize the Web" and the building of financial infrastructure for the next generation. It will not only be the first choice for small and medium developers when building DApps but will also become the only gateway for financial institutions and enterprise users to enter the world of blockchain seamlessly.

**What are some of TRON's most exciting partnerships and pilots, and what are the implications of those for consumers broadly and the TRON network?**

For TRON, our partnerships with traditional and mainstream companies has been very exciting and has contributed heavily to our success. So far, BitTorrent and DLive have been driving exponential growth in live streaming and peer-to-peer content distribution. We saw a large growth in the number of users being exposed to distributed ledger tech through our integration with Opera Browser and their blockchain wallet. TRON has also partnered with the #1 technology brand in the world, Samsung, to bring decentralized applications to not millions but billions of devices worldwide.

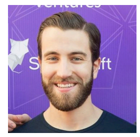
Q2 COMMENTARY

# Crypto Experts Share Their Thoughts

**Jon Rice**
Managing Editor
Cointelegraph Magazine

**Lou Kerner**
Managing Partner
CryptoOracle

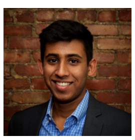
**Anil Lulla**
Chief Operating Officer
Delphi Digital



**Thomas Klocanas**
Principal
White Star Capital

**Katie Talati**
Vice President of Research
Arca

**Matt Batsinelas**
Partner
TriBlock



**Akash Nath**
Cryptocurrency Consultant
Prev: TradeBlock & Jeffries

**Nate Whitehill**
CEO
CryptoSlate

**Mitchell Moos**
Managing Editor
Crypto Briefing

## QUESTIONS

1. What is the biggest threat to Bitcoin?
2. What is the biggest opportunity for Bitcoin?
3. What is the most bullish development in crypto?
4. What are the most important narratives for crypto in Q3 2020?
5. In light of the current macroeconomic uncertainty, are you surprised by how Bitcoin is performing?
6. Did the Bitcoin Halving outperform or underperform your expectations?

Q2 COMMENTARY

# 1. What is the biggest threat to Bitcoin?

### Jon Rice

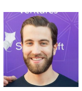
Unlicensed or extra-judicial derivatives exchanges. Especially those with outrageous leverage opportunities.

Not only are they deeply susceptible to manipulation, but they also promote the notion that cryptocurrencies are nothing more than a slot machine. Gamblers are not the core audience for Bitcoin; and angry gamblers are the only thing that these exchanges create, other than wealth for a few whale traders and the owners of the platforms.

In addition, I would contend that they suppress accurate price discovery — after all, when it's so easy to make millions simply by manipulating the market a few hundred dollars each way, why would the investor wait patiently for Bitcoin to discover its true value, and glean value from that?

And consider the fact that such exchanges also increase the risk factors that regulators examine before allowing ETFs, thus stifling exposure of the asset to institutional investors.

A mature and well-regulated derivatives market is necessary for widespread adoption — an immature and unregulated one is not.



### Thomas Klocanas

While Bitcoin has certainly proven resilient to multiple threats in recent years, political attacks and regulatory risk remain attack vectors which could slow or hinder its adoption, and in turn price. Changing the tax status of Bitcoin, or its legal status, in major countries could alienate a large portion of the cryptocurrency's addressable market, both at the institutional but also retail level.

### Nate Whitehill

Donald Trump

### Matt Batsinelas

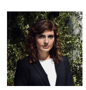
The flow of Bitcoin to the Ethereum network. With wBTC, tBTC, and other products gaining traction on Ethereum, users can participate in non-custodial lending, liquidity mining, and other aspects of DeFi while still being able to redeem bitcoin 1:1 when they'd like to. Ethereum could become a second layer for Bitcoin, yet Bitcoin won't benefit from transaction fees settled on Ethereum, creating a concern for network security as the mining reward decreases.

### Lou Kerner

Bitcoin's biggest threat is it's complexity. Both in terms of understanding it, and in acquiring and hodling.

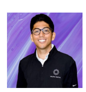
### Akash Nath

Tech stack: developers; companies integrating Bitcoin tech stacks dilute focus.
Market: A lack of enterprise-grade trading tools.



### Katie Talati

Regulations.



### Anil Lulla

Not developing a strong fee market within the next decade.

### Mitchell Moos

Substitution by another technology or product.

Q2 COMMENTARY

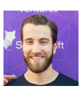
# 2. What is the biggest opportunity for Bitcoin?

### Jon Rice

Central bank policies that create deflation, whether that be printing money to artificially-inflate the stock market with a new sugar rush, or (possibly) a mortgage-induced credit deflation cycle that reduces demand for consumer goods, especially in the light of historically low interest rates that leave little room for maneuver in refinancing.

That's a long sentence that captures just two scenarios I think could be realistic. While neither is likely to result in a retail-based outcry for more Bitcoin, both could force funds into hedging at least a percent or two of their AUMs into the concept of digital gold. It wouldn't take more than that to see Bitcoin appreciate to $50,000 or more.

Of course, that's a financial answer: the wider social impact of Bitcoin may, ironically, not benefit Bitcoin itself. It's more that its very existence could cause millions, even billions, of people to reconsider their notions of economic self-sovereignty and the gravitational pull of centralization. I think that the true magnitude of Bitcoin's influence may not be known for decades, but I see it as a technological catalyst for political and economic change in much the same way that the internet itself has been.



### Thomas Klocanas

Despite narratives around Bitcoin's potential as an inflation hedge given unprecedented monetary stimulus (Money printer go BRRR!), one of the largest opportunities for the leading crypto asset remains becoming a viable supra-national store of value, akin to digital gold. Historically, global reserve currency status has fluctuated, and in a world polarized by global and political tensions, a non-national alternative asset has non-zero probability of serving that status long-term.

### Matt Batsinelas

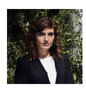
Since Paul Tudor Jones's investment in Bitcoin, it is fair game for fund managers to deploy money into crypto, whether directly or indirectly. Given the macro uncertainty, the potential for institutional investors to enter the space, and less sell pressure post halving, Bitcoin has a strong narrative to continue to run up.

### Lou Kerner

The biggest opportunity is making better (fiat) onramps.

### Akash Nath

A digital reserve currency.



### Katie Talati

Inflation / global recession.

### Anil Lulla

Smaller countries allocating a small percentage of their reserves to BTC.

### Mitchell Moos

Creating a new asset class that's uncorrelated with existing asset classes.

### Nate Whitehill

To become a true digital gold (safe-haven).

Q2 COMMENTARY

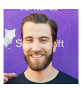
# 3. What is the most bullish development in crypto?

### Jon Rice

Watching the blockchain add another block, tick tock, every ten minutes. That's the real bullish case for Bitcoin. It survived a global market crash on March 12th as the pandemic's impact came into focus, and it didn't require government intervention to prop up the market. It just keeps on going.

The "free market" is a misnomer in traditional economics — it requires constant fiddling and meddling by centralized authorities to play to political bases, to even out wrinkles, to punish the perceived enemies of the state and reward the perceived friends.

Bitcoin is just Bitcoin. How much more bullish can it get?



### Thomas Klocanas

Outside of institutional finance, which continues to embrace both (1) blockchain technology as financial infrastructure (e.g. Axoni, JPM Coin...), and (2) leading cryptoassets such as Bitcoin as a new asset class (e.g. Paul Tudor Jones, Fidelity...), tech giants the likes of Square, Reddit, Facebook, Revolut, Microsoft and Tencent are accelerating their commitment to the technology through various production-grade projects. This has had the positive effect of continuing to legitimize cryptocurrencies as an investable asset class to a broader public, but also accelerate development for use cases beyond speculation.

### Nate Whitehill

The younger generations are very much in favor of digital assets, according to surveys and usage statistics.

### Matt Batsinelas

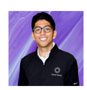
The growth of stablecoins. USDT, USDC, DAI, and other stablecoins coins have grown substantially in value in 2020. With Libra set to launch in 2020, stablecoin transfers are a trend to continue watching. Stablecoin transfers on blockchains outside of Ethereum with better settlement times should continue to grow as well (Algorand, Tron, etc.).

### Lou Kerner

The growth of stablecoins is the most bullish development because people understand what a digital dollar is. And people want dollars. So it can be the onramp crypto so badly needs.

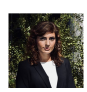
### Akash Nath

Enhanced enterprise-grade trading tools. Square crypto buying more bitcoin than Grayscale and Genesis combined.



### Anil Lulla

Central Banks around the world unleashing Unlimited QE.



### Katie Talati

India's supreme court lifting its ban on crypto.

### Mitchell Moos

Growing acceptance in mainstream media that it is a reasonable investment.

Q2 COMMENTARY

# 4. What are the most important narratives for crypto in Q3 2020?

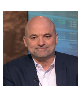
### Jon Rice

Users, users, users. Here we are, watching another mini-bubble in the space (today, it's DeFi) which has exceptional possibilities and upside — but very, very few users. Some would even say, very few people who even understand what it is, or what it really does.

I honestly don't know when people in crypto are going to realize that this is a genuinely two-sided market. The creation / supply of an exemplary product matters not one whit when the demand for it is virtually non-existent.

That's why companies like Crypto.com may not be particularly revolutionary, or even technologically very exciting — but they may have staying power. They are onboarding real users.

Without people to interact with the product, there is nothing to support the bubble.



### Lou Kerner

Stablecoins as a store of value and as a cross-border payment mechanism are the most important narratives.

### Matt Batsinelas

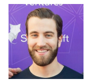
The success of governance tokens. Will liquidity mining be FCoin 2.0?

### Mitchell Moos

DeFi, "Ethereum as money," Bitcoin is a hedge/SoV.

### Nate Whitehill

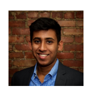
Continued adoption of DeFi and Bitcoin's potential to reach all-time highs before end of the year.



### Thomas Klocanas

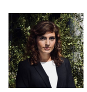
DeFi crossing the chasm into the mainstream, with leading protocols executing on their decentralization roadmaps, and rewarding users with ownership in the networks. Protocols such as Compound or Balancer are not only growing in volumes and active users, but are also executing on their roadmaps to decentralization.

As various front-ends such as Argent, Instadapp, or Multis continue to abstract the crypto component of new-age financial infrastructure from users, DeFi can hope to grow its addressable market from whales and crypto power users to Wall Street and non-financial consumer apps. Separately, the narrative around central bank digital currencies continues to gain steam and popularize blockchain technology.



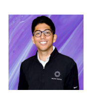
### Akash Nath

Continued stagflation and Bitcoin's response as, in the short-term, an investment vehicle.



### Katie Talati

Bitcoin as an inflation resistant asset; blockchain gaming projects taking off.



### Anil Lulla

Digital Gold Narrative for Bitcoin and Decentralized Finance are the most important narratives in crypto right now.

Q2 COMMENTARY

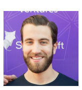
# 5. In light of the current macro uncertainty, are you surprised by Bitcoin's performance?

### Jon Rice

I feel that the opportunity provided by macroeconomic uncertainty is currently outweighed by the harm caused by derivatives manipulation. Without the latter, I could easily see Bitcoin rapidly setting new all-time highs. So I'm disappointed that it's not achieving its potential, but not entirely surprised.

### Matt Batsinelas

No, Bitcoin has become more institutionalized over the years with traditional market makers, asset managers, and investors entering the space. The March crash highlighted firms moving from crypto to cash, as they needed cash on hand to defend the equities markets. The rally up with crypto has been correlated with the run up in public equities. We are currently in the midst of a crypto hype-cycle where Bitcoin has a strong narrative around the macro uncertainty, which has pushed Bitcoin up.



### Thomas Klocanas

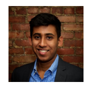
Given (1) inflation has stayed in line despite unprecedented money printing and (2) an overall uncertain market environment despite markets picking up after central bank intervention, it's not too surprising to see Bitcoin holding steady around the $8-10k mark. One of those conditions changing could, however, spur serious price moves.

### Nate Whitehill

I am neither surprised or unsurprised. The sub-$10k level feels like it has been waiting to break out for a long time.

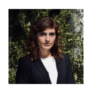
### Lou Kerner

Given the macroeconomic environment, Bitcoin's performance has been disappointing. But gold initially performed poorly as the 2008 financial crises got underway before having several years of massive outperformance.



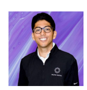
### Akash Nath

No. Bitcoin exhibits weak correlation to standard indices (e.g. .IXIC), and the base narrative serves to supplant "modern market theory."



### Katie Talati

Not completely, the effects of the fiscal stimulus/money printing will take some time to be felt and until the broader non-crypto world starts to feel the impact of this experiment, Bitcoin will not become the inflation resistant asset that we know it to be.



### Anil Lulla

No, it has been pretty correlated to the S&P over the past few months as the uncertainty around COVID resulted in a flight to liquidity.

### Mitchell Moos

Yes, I didn't expect it to drop in correlation with the S&P 500.

Q2 COMMENTARY

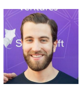
# 6. Did the Bitcoin Halving outperform or underperform your expectations?

### Jon Rice

Wait, what happened? Sorry — a bit of sarcasm. The wall-to-wall coverage seemed a little excessive.

At the risk of getting splinters in my butt from fence-sitting, the truth is it did neither. The Bitcoin Halving is a pre-programmed event that did precisely what was promised. If it had created massive volatility I would have been slightly surprised. But if you drive off the rim of the Grand Canyon after ignoring twenty signposts telling you there's a big hole in the ground ahead, I'd be surprised by that too.

Black Swan events should, theoretically, have much more market impact than clear and predictable ones.



### Thomas Klocanas

Bitcoin has mostly performed in line with expectations post halving... for now, notably in a macro environment where a temporary flight to liquidity caused a higher-than-normal correlation to traditional asset classes. The coming 18-24 months will tell whether history will repeat itself post halving in terms of price performance, but so far, one of the most 'exciting' components of the halving was how long the next block took to be produced!

### Mitchell Moos

Met expectations.

### Nate Whitehill

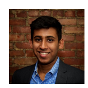
Bitcoin did not underperform or outperform my expectations.

### Matt Batsinelas

Outperform. We saw investors scoop up Bitcoin at sub $4k levels, showing confidence in the network as we had a higher low. The better test for Bitcoin is what it does in the year post halving with less sell pressure, better infrastructure, and more mainstream attention.

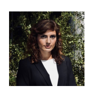
### Lou Kerner

I thought it was a non-event, like the sunrise. It’s good that it happens, but not a surprise that moves markets.



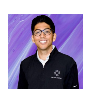
### Akash Nath

Neither; tangibly, the halving serves as an inflation milestone. It is difficult to draw conclusions from the halving any earlier than two quarters out as mining operators are inelastic.



### Katie Talati

It did what I expected (nothing). I definitely believe that while the halving is impactful from a narrative standpoint, its impact on the supply (which will eventually reflect in the price) won't be felt for some time after the halving.



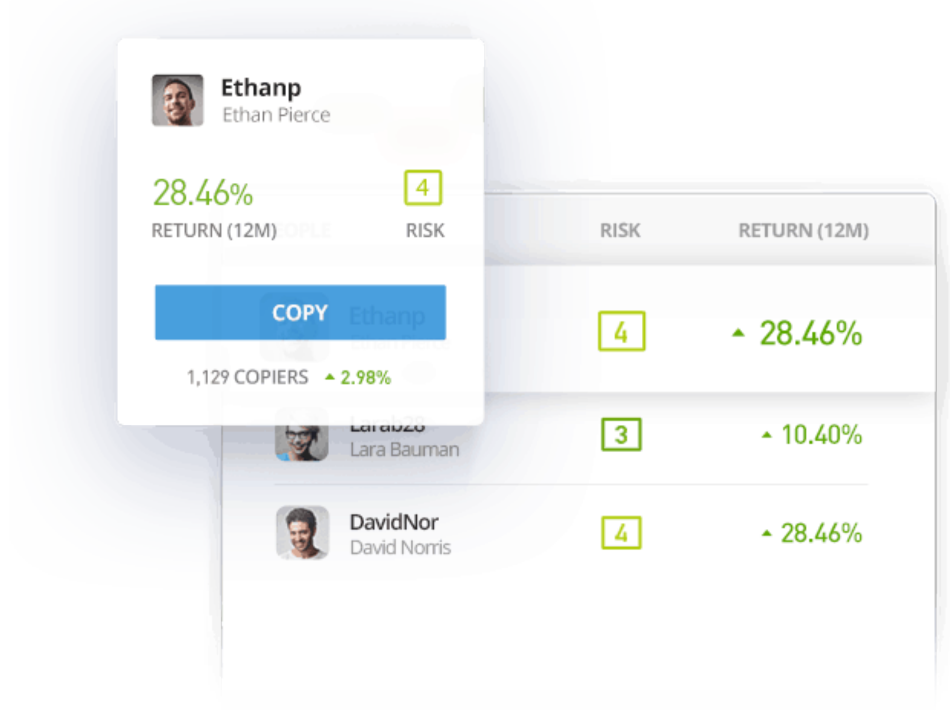
### Anil Lulla

Outperform for now — but really think the coming months will be telling.

# eToro CopyTrader™ Spotlight

eToro's award-winning social trading features let users discuss trading strategy, practice with virtual funds, and even copy the trades of other users.

CopyTraderTM lets you automatically copy the trading actions of top traders on eToro. Simply browse through a list of traders to view their status, and when you find one or more you'd like to copy, just hit Copy. You'll be prompted to allocate funds to mirroring their portfolio and the trades they make. This all happens in real time — so you'll act like an experienced trader, without having to do the work of one.




Learn More about CopyTrader

# eToro CopyTrader™ Spotlight
## Anders Jensen

Anders Jensen is a popular investor on eToro, with over 100 users copying his trading activity.

eToro CopyTrader Profile: @Anders_

**How did the macroeconomic climate this past quarter affect how you traded?**

Not much, I am a long-term buy-and-holder of Bitcoin. I trade the four-year Bitcoin Halving price cycle and this doesn't change due to swings in the economic climate. If anything, all the central bank money being printed makes Bitcoin even more attractive as the future sound money of the world with its 100% hard cap at 21 million Bitcoin, each consisting of 100 million Satoshis.

**How did your portfolio allocation between different asset classes change over the quarter? Did your allocation to cryptocurrency change at all?**

Not at all. It consists of the same share of Bitcoin and equities like Amazon, Tesla and the Nasdaq 100 ETF QQQ. I did consider selling some equities when the market started crashing in March 2020, but realized that the central bank was committed to printing very large amounts of fiat currency to get assets back up. After the 2008 crash, the central authorities learned that the money printing medicine worked to keep assets high, as value escapes fiat currency due to the fast dilution. This time around with COVID-19, they have administered the same QE, but on a much grander scale. It works for a while, but undermines the currency.

**Did you expect digital assets to trend downward alongside equities? Was the "Bitcoin as a risk-off asset and a hedge against macroeconomic uncertainty" narrative proven false?**

In the short term, yes. When people lose their jobs and need money, they sell from all their assets. In the long term, I strongly believe Bitcoin will outperform. So Bitcoin may not be a short-term hedge against a negative economic climate, but it has proven to be a fine hedge against fiat currency printing and dilution.

### What advice would you give to someone outside of cryptocurrency that is looking to learn more about this market?

Don't just believe what "experts" say. Educate yourself and seek opposing arguments and make up your own mind. To truly understand Bitcoin's value proposition as global money, first seek to understand what money actually is. Then Bitcoin makes so much more sense.

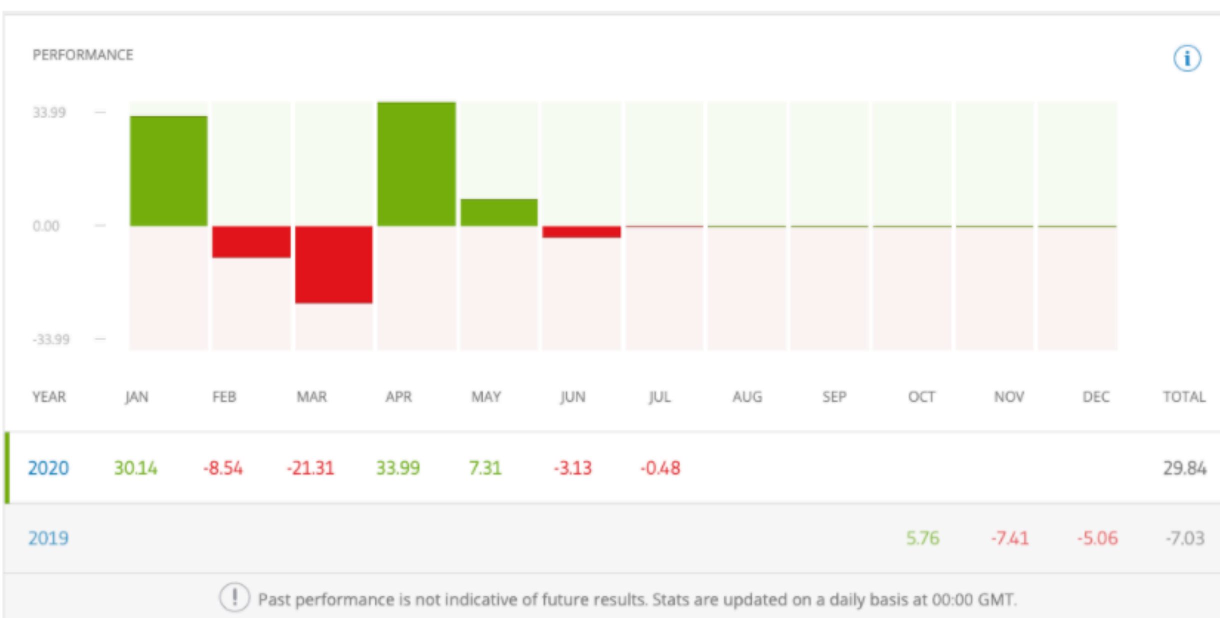
When you look up money in the dictionary, one of the properties you will come across is that it can store value. When you find out that the USD has lost over 96% of its purchasing power in the first 100 years after The Fed was created, you learn that fiat currency isn't money or a store of value. It is only a medium of exchange. It's only currency. It's not a place you want to save value when large amounts of currency are created out of thin air, diluting the value of that currency in the process.

### As a trader, what are the major events or catalysts that you consider when deciding whether to allocate to a particular cryptocurrency?

This is where I am rather controversial for some people. I don't see any of the altcoins trying to be money offering any value that Bitcoin doesn't already offer, nor do I see them doing so within the foreseeable future. Their centralized propaganda machines tell you otherwise, but money is a winner-takes-all game and I have no doubt that winner is Bitcoin.

### What were your best calls and biggest mistakes as a trader this quarter?

My best call was to keep a strong hand on my Bitcoin position and not sell anything. I could have made a mistake of selling equities in March/April, but luckily I made the right choice not to.




Anders Jensen's CopyTrader Performance on eToro

# APPENDIX: Q2 Individual Coin Performance Breakdowns

# Bitcoin - Summary

+41.58% $9,138.14

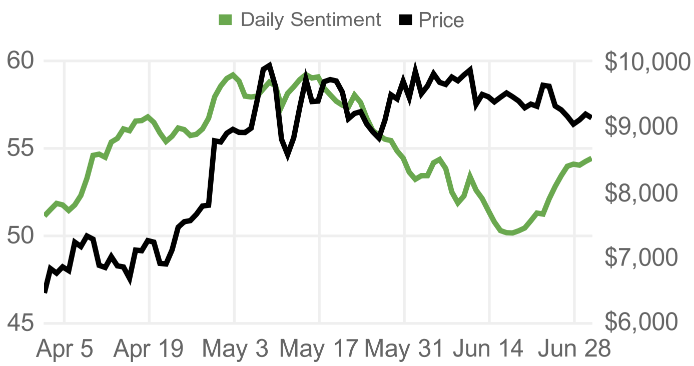
as of June 30, 2020

9,469,224 FOLLOWERS

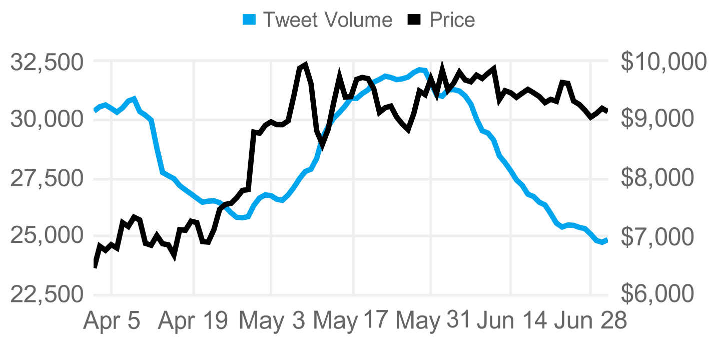
31.31% INVESTORS

Data on eToro Users as of June 30, 2020

Bitcoin - Daily Sentiment vs. Price




Bitcoin - Tweet Volume vs. Price




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +41.58% |
| Price Change vs. BTC | N/A |
| Open | $6,454 (1 BTC) |
| Close | $9,138 (1 BTC) |
| High | $9,940 (May 8) |
| Low | $6,454 (Apr 1) |
| % of Days Positive vs. USD | 51% |
| % of Days Positive vs. BTC | N/A |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | -0.89% |
| Avg. Tweet Volume | 27,609 |
| Max Tweet Volume | 52,210 (May 11) |
| Min Tweet Volume | 19,013 (Jun 21) |
| % of Days Positive Sentiment | 67% |
| Most Positive Day | 85/100 (May 7) |
| Most Negative Day | 32/100 (Jun 14) |

## NOTABLE NARRATIVES

PayPal, Venmo to Roll Out Crypto Buying and Selling: Sources

Fidelity Says a Third of Big Institutions Own Crypto Assets

JPMorgan Is Now Banking for Bitcoin Exchanges Coinbase, Gemini

Bitcoin Halving Arrives: Mining Rewards Drop for Third Time in History

Billionaire Hedge Fund Investor Paul Tudor Jones Buys Bitcoin (Futures) as a Hedge Against Inflation

# Bitcoin Cash - Summary

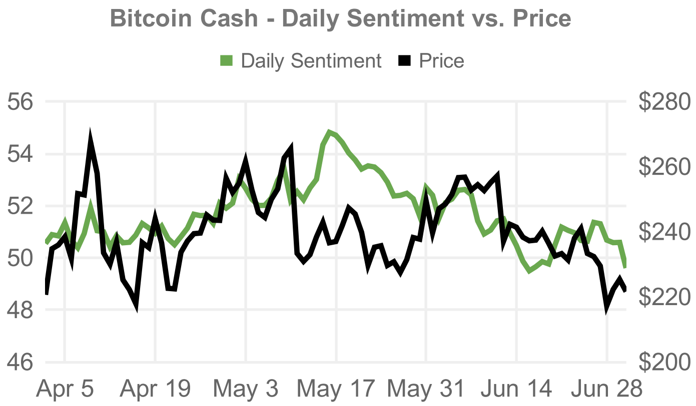
+0.46% $221.67

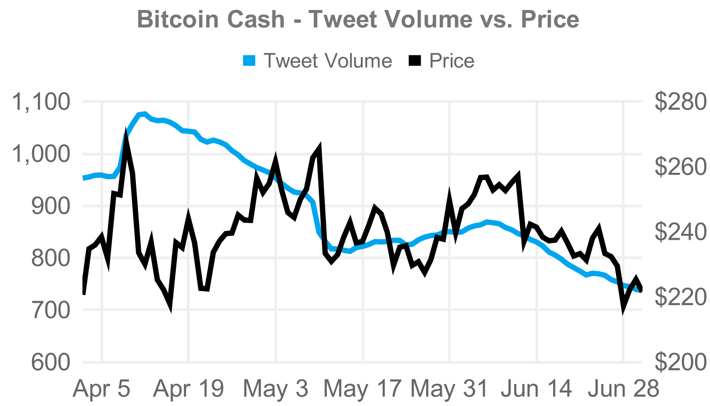
as of June 30, 2020

939,715 FOLLOWERS

7.23% INVESTORS

Data on eToro Users as of June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +0.46% |
| Price Change vs. BTC | -29.05% |
| Open | $220.67 (.0342 BTC) |
| Close | $221.67 (.0243 BTC) |
| High | $267.38 (Apr 8) |
| Low | $217.32 (Jun 27) |
| % of Days Positive vs. USD | 54% |
| % of Days Positive vs. BTC | 41% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | -23.27% |
| Avg. Tweet Volume | 851 |
| Max Tweet Volume | 2,698 (Apr 8) |
| Min Tweet Volume | 565 (Jun 20) |
| % of Days Positive Sentiment | 51% |
| Most Positive Day | 88/100 (Apr 8) |
| Most Negative Day | 30/100 (Apr 9) |

## NOTABLE NARRATIVES

**Meet Mistcoin - The First Mineable SLP Token Implementation Launched on Bitcoin Cash**

**Bitcoin Cash DeFi Startup Raises $1 Million in Seed Round**

**Bitcoin Cash Could Face 51% Attack for $10,000 in Rented Hashpower**

**Roger Ver Stopped Mining Bitcoin Cash After Halving**

**Bitcoin Cash Just Went Through its First Halving**

# Cardano - Summary

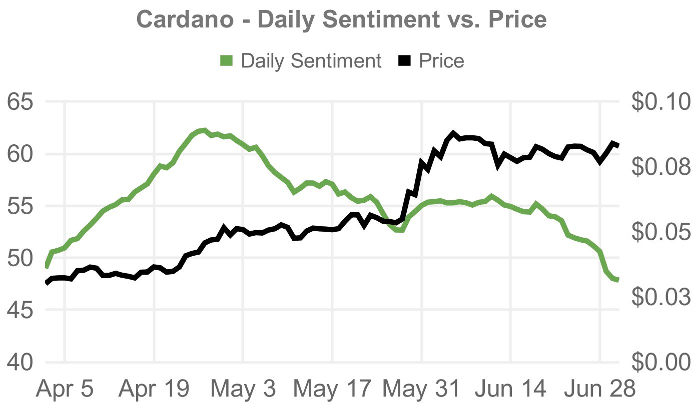
+175.39% $0.082926

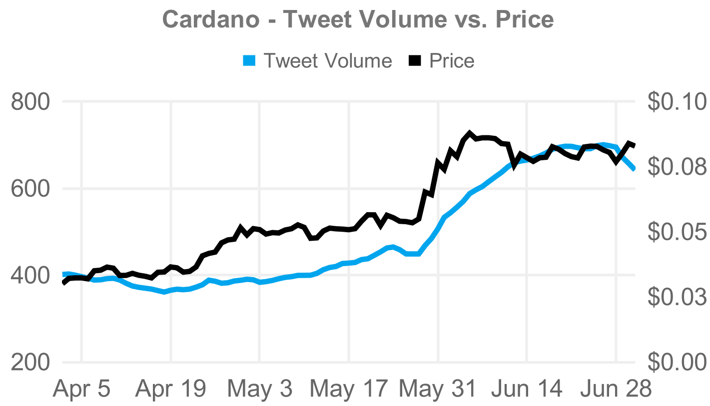
as of June 30, 2020

437,729 FOLLOWERS

7.33% INVESTORS

Data on eToro Users as June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +175.39% |
| Price Change vs. BTC | +94.50% |
| Open | $0.030113 (467 Sats) |
| Close | $0.082926 (907 Sats) |
| High | $0.08786 (Jun 4) |
| Low | $0.03011 (Apr 1) |
| % of Days Positive vs. USD | 53% |
| % of Days Positive vs. BTC | 53% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | +13.54% |
| Avg. Tweet Volume | 514 |
| Max Tweet Volume | 1,281 (May 31) |
| Min Tweet Volume | 245 (Apr 11) |
| % of Days Positive Sentiment | 59% |
| Most Positive Day | 92/100 (May 28) |
| Most Negative Day | 23/100 (May 17) |

## NOTABLE NARRATIVES

Cardano's 'Shelley' Mainnet to Launch Soon

Cardano Price Rallies 60% Following Shelley Proof-of-Stake Upgrade Announcement

Cardano Development Company to Join Hyperledger Project & W3C

Cardano Has Launched Its Daedalus 1.0 Mainnet Wallet

Cardano Foundation Endorses South African Blockchain Alliance Establishment To Boost Adoption

# Dash - Summary

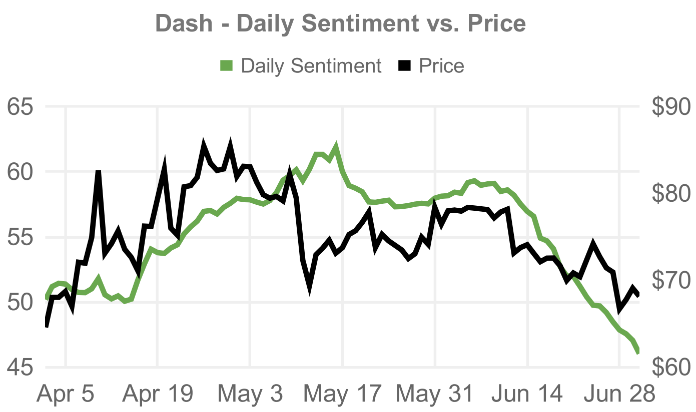
+5.55% $68.16

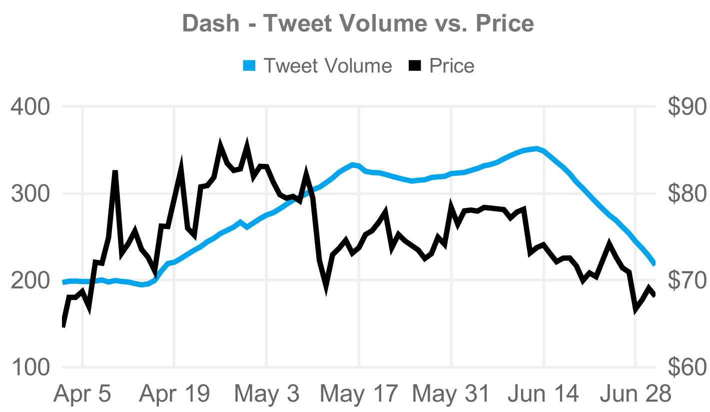
as of June 30, 2020

751,832 FOLLOWERS

6.72% INVESTORS

Data on eToro Users as of June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +5.55% |
| Price Change vs. BTC | -25.45% |
| Open | $64.58 (.0100 BTC) |
| Close | $68.16 (.0075 BTC) |
| High | $85.43 (Apr 25) |
| Low | $64.58 (Apr 1) |
| % of Days Positive vs. USD | 49% |
| % of Days Positive vs. BTC | 42% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | +15.74% |
| Avg. Tweet Volume | 269 |
| Max Tweet Volume | 495 (Apr 16) |
| Min Tweet Volume | 47 (Jun 21) |
| % of Days Positive Sentiment | 46% |
| Most Positive Day | 92/100 (Apr 15) |
| Most Negative Day | 19/100 (Jun 14) |

## NOTABLE NARRATIVES

Release Announcement: Dash Platform v0.13 on Evonet

Dash Sees 100% Rise in Commercial Payments Through Latin American Partnerships

Chainalysis Can Now Track Your 'Privacy Coins' Zcash & Dash

Privacy Coins Monero, Zcash And Dash Face Uphill Battle In Japan

Dash’s Yearly Emission Reduction of 7.14%

# EOS - Summary

+6.06% $2.35

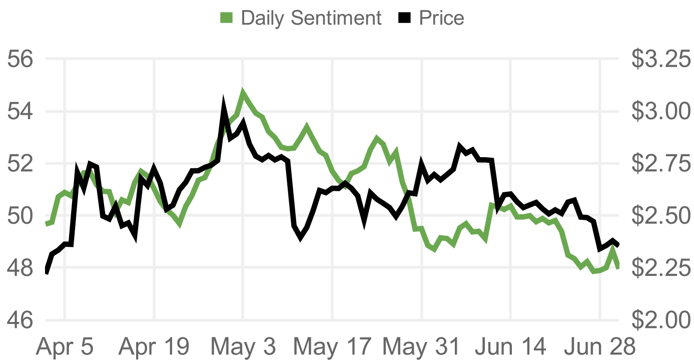
as of June 30, 2020

287,280 FOLLOWERS

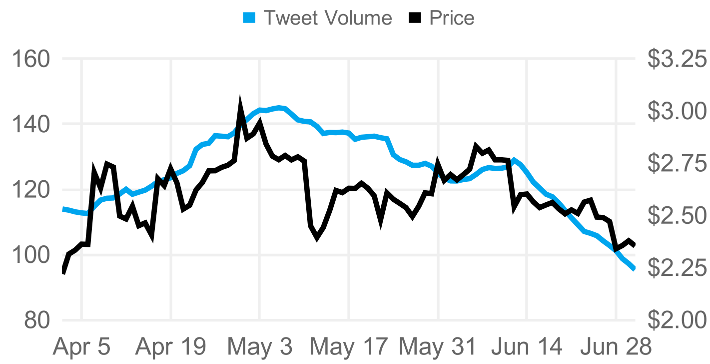
4.62% INVESTORS

Data on eToro Users as of June 30, 2020

EOS - Daily Sentiment vs. Price




EOS - Tweet Volume vs. Price




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +6.06% |
| Price Change vs. BTC | -25.09% |
| Open | $2.22 (.00034 BTC) |
| Close | $2.35 (.00026 BTC) |
| High | $3.01 (Apr 29) |
| Low | $2.22 (Apr 1) |
| % of Days Positive vs. USD | 51% |
| % of Days Positive vs. BTC | 38% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | -18.80% |
| Avg. Tweet Volume | 120 |
| Max Tweet Volume | 253 (Apr 22) |
| Min Tweet Volume | 51 (Jun 28) |
| % of Days Positive Sentiment | 46% |
| Most Positive Day | 76/100 (Jun 2) |
| Most Negative Day | 33/100 (May 29) |

## NOTABLE NARRATIVES

Alleged Crypto Ponzi Scheme Moves Over $100 Million in EOS and XRP

In Possible Exit Scam, Chinese EOS Wallet Locks Up $52M of Customer Funds

EOS Has Still to Prove Itself After Spiraling Down This Past Year

Another Class Action Against Block.One Alleges Dirty Dealings During EOS ICO

Chinese Public Blockchain Index Ranks Bitcoin 14th While EOS Tops List

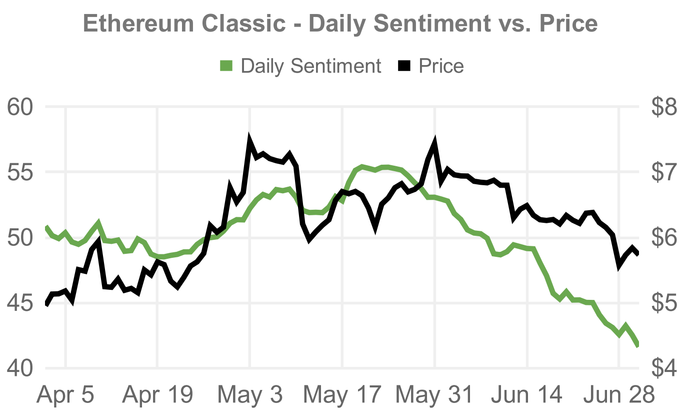
# Ethereum Classic - Summary

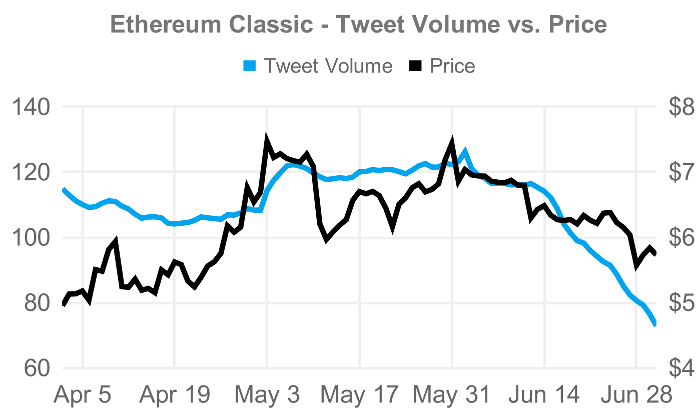
+15.73% $5.73
as of June 30, 2020

695,773 FOLLOWERS

5.97% INVESTORS

Data on eToro Users as of June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +15.73% |
| Price Change vs. BTC | -18.26% |
| Open | $4.95 (.00078 BTC) |
| Close | $5.73 (.00063 BTC) |
| High | $7.47 (May 2) |
| Low | $4.95 (Apr 1) |
| % of Days Positive vs. USD | 49% |
| % of Days Positive vs. BTC | 44% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | -38.70% |
| Avg. Tweet Volume | 101 |
| Max Tweet Volume | 297 (May 2) |
| Min Tweet Volume | 25 (Jun 25) |
| % of Days Positive Sentiment | 41% |
| Most Positive Day | 83/100 (May 17) |
| Most Negative Day | 20/100 (Jun 29) |

## NOTABLE NARRATIVES

**Hard Fork Sets Stage for Ethereum Classic's Second Major Departure From Ethereum**

**Blockchain For Impact Accelerator ETC Labs Funds Female Founders**

**Gasless Experiences on Ethereum Classic — Ethereum Classic Labs partners with OpenGSN**

**ETC Cooperative Q1 2020 Transparency Report**

# Ethereum - Summary

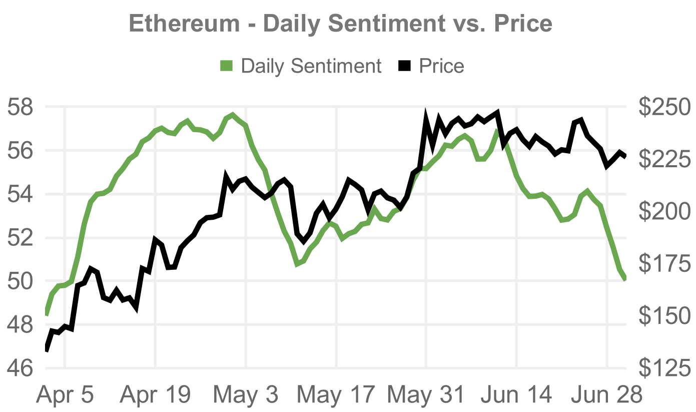
+70.17% $225.99

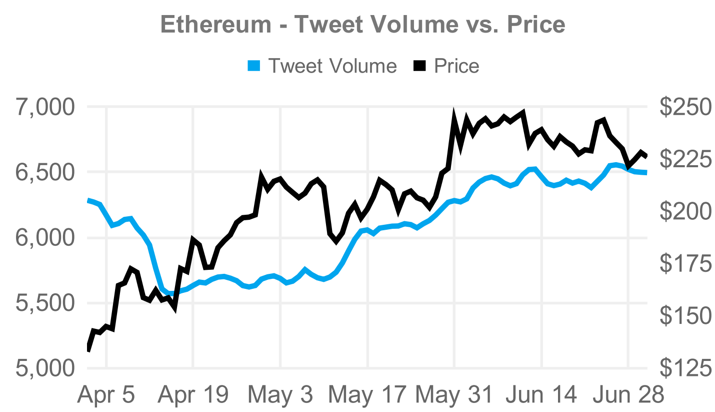
as of June 30, 2020

5,929,319 FOLLOWERS

20.71% INVESTORS

Data on eToro Users as of June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +70.17% |
| Price Change vs. BTC | +20.19% |
| Open | $132.81 (.021 BTC) |
| Close | $225.99 (.025 BTC) |
| High | $247.12 (Jun 10) |
| Low | $132.81 (Apr 1) |
| % of Days Positive vs. USD | 55% |
| % of Days Positive vs. BTC | 52% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | -4.88% |
| Avg. Tweet Volume | 6,161 |
| Max Tweet Volume | 7,882 (Jun 22) |
| Min Tweet Volume | 4,142 (Apr 12) |
| % of Days Positive Sentiment | 57% |
| Most Positive Day | 88/100 (Apr 6) |
| Most Negative Day | 27/100 (Jun 13) |

## NOTABLE NARRATIVES

**Ethereum Developers Delay Berlin Hard Fork to Stem Client Centralization Concerns**

**The First Pound Bitcoin and Ethereum ETP to Launch**

**Reddit Seeks Scaling Solution for Ethereum-Based 'Community Points'**

**Ethereum Developers Build a Way to Make Stealth Transactions**

**Ether Futures Begin Trading Amid Broader Cryptocurrency Appeal**

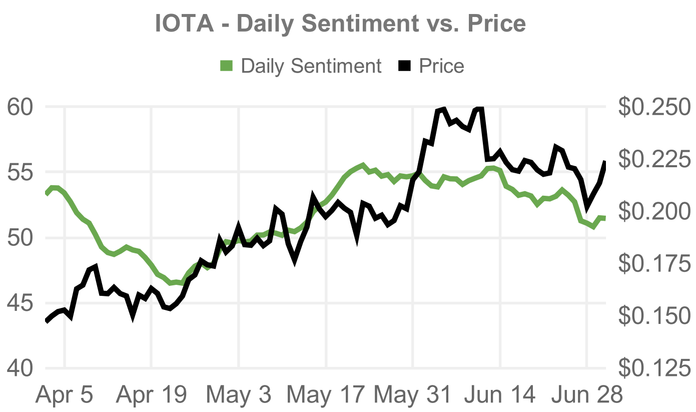
# IOTA - Summary

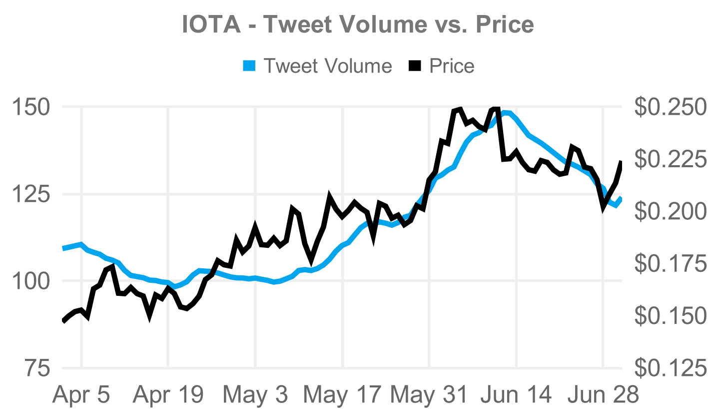
+52.39% $0.22413
as of June 30, 2020

229,560 FOLLOWERS

5.10% INVESTORS

Data on eToro Users as of June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +52.39% |
| Price Change vs. BTC | +7.63% |
| Open | $0.14707 (2,279 Sats) |
| Close | $0.22412 (2,453 Sats) |
| High | $0.24989 (Jun 10) |
| Low | $0.14707 (Apr 1) |
| % of Days Positive vs. USD | 51% |
| % of Days Positive vs. BTC | 45% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | -17.62% |
| Avg. Tweet Volume | 117 |
| Max Tweet Volume | 227 (Jun 30) |
| Min Tweet Volume | 51 (Jun 28) |
| % of Days Positive Sentiment | 54% |
| Most Positive Day | 82/100 (May 14) |
| Most Negative Day | 23/100 (Jun 26) |

## NOTABLE NARRATIVES

Introducing Pollen: the First Decentralized Testnet for IOTA 2.0

IOTA Network Witnesses 20x Speed Increase with Hornet v0.4.0. Release

Cryptocurrency Platform IOTA is Now Partly Decentalized

Qubic is Still a Part of IOTA but Focus Shifts to Smart Contracts

Coinbase-Backed Crypto Rating Council Lists IOTA, BAT, and USDC

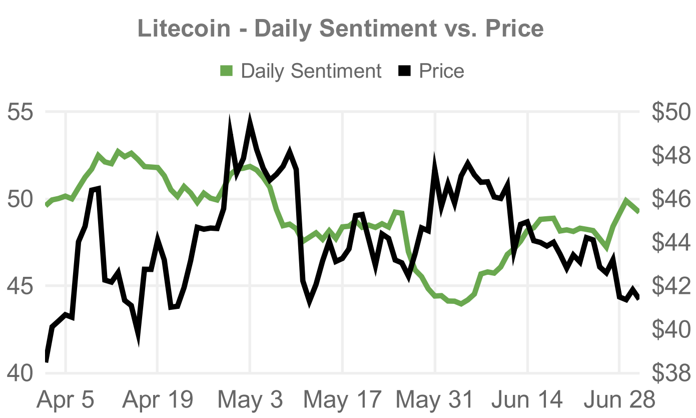
# Litecoin - Summary

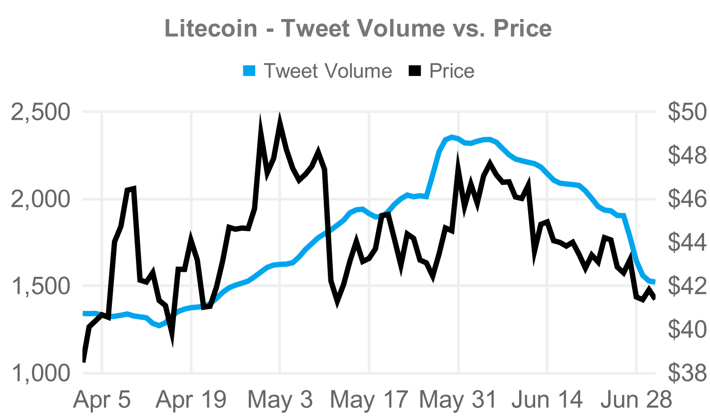
+7.54% $41.39
as of June 30, 2020

1,084,411 FOLLOWERS

11.46% INVESTORS

Data on eToro Users as of June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +7.54% |
| Price Change vs. BTC | -24.04% |
| Open | $38.49 (.0059 BTC) |
| Close | $41.39 (.0045 BTC) |
| High | $49.45 (May 2) |
| Low | $38.49 (Apr 1) |
| % of Days Positive vs. USD | 49% |
| % of Days Positive vs. BTC | 42% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | +11.64% |
| Avg. Tweet Volume | 1,826 |
| Max Tweet Volume | 5,695 (May 26) |
| Min Tweet Volume | 998 (Jun 14) |
| % of Days Positive Sentiment | 53% |
| Most Positive Day | 76/100 (Apr 6) |
| Most Negative Day | 3/100 (May 26) |

## NOTABLE NARRATIVES

**Enhanced Privacy and Scalability: Charlie Lee Breaks Down 'Litecoin 2.0'**

**Atari Partners With Litecoin Foundation**

**Litecoin Core v0.18.1 Release**

**Litecoin's SegWit Usage Is Still Far Above That of Bitcoin, Data Shows**

**Litecoin Foundation Migrates to BitGo's Multi-Signature Wallet**

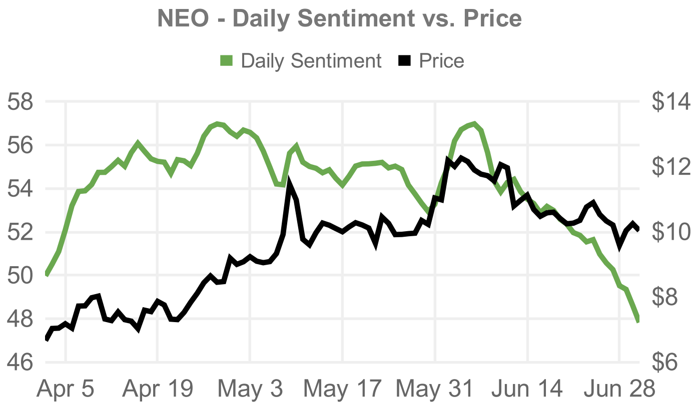
# NEO - Summary

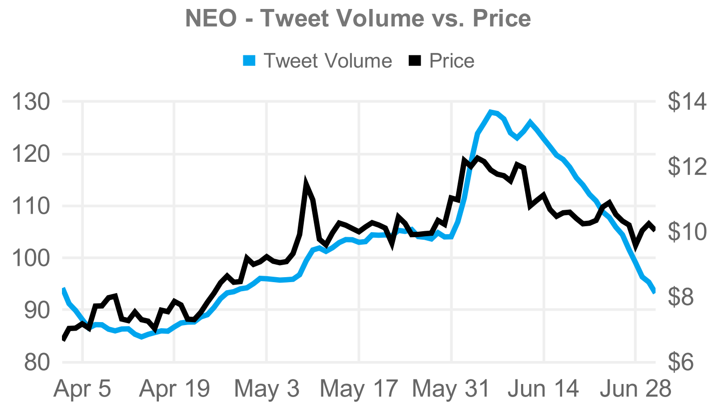
+50.75% $10.04
as of June 30, 2020

362,516 FOLLOWERS

5.76% INVESTORS

Data on eToro Users as of June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +50.75% |
| Price Change vs. BTC | +6.47% |
| Open | $6.66 (.00103 BTC) |
| Close | $10.04 (.00110 BTC) |
| High | $12.27 (Feb 15) |
| Low | $6.66(Apr 1) |
| % of Days Positive vs. USD | 51% |
| % of Days Positive vs. BTC | 42% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | -7.36% |
| Avg. Tweet Volume | 98 |
| Max Tweet Volume | 294 (Jun 2) |
| Min Tweet Volume | 25 (Jun 20) |
| % of Days Positive Sentiment | 51% |
| Most Positive Day | 92/100 (May 8) |
| Most Negative Day | 32/100 (Jun 29) |

## NOTABLE NARRATIVES

NEO, Chainlink, Hedera Hashgraph, Others Join Global Tokenization Standards Consortium

FLETA and NEO Signed a Strategic Partnership

Neo and University of Zurich Establish Long-term Partnership

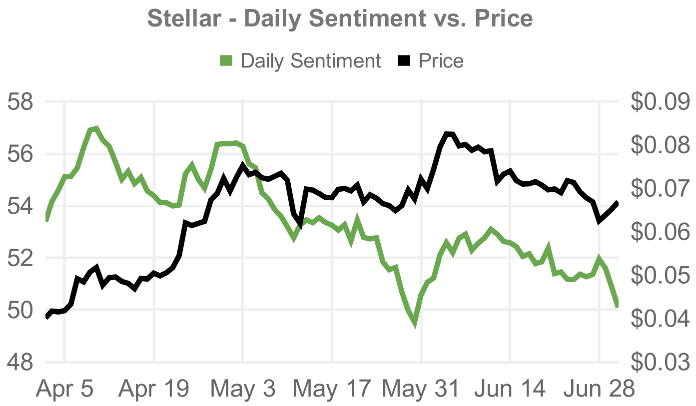
# Stellar - Summary

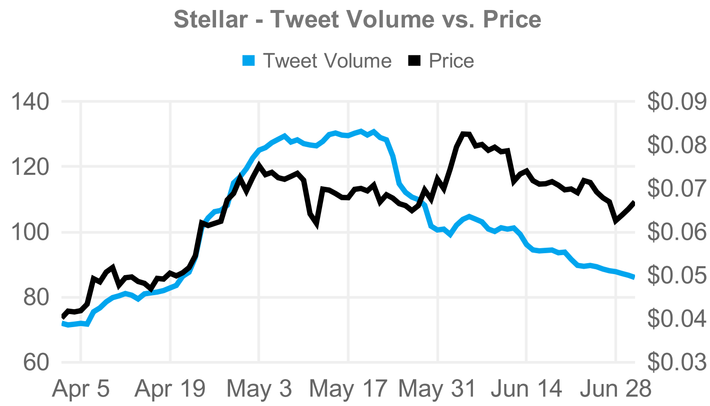
+66.62% $0.06692
as of June 30, 2020

558,850 FOLLOWERS

10.12% INVESTORS

Data on eToro Users as of June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +66.62% |
| Price Change vs. BTC | +17.68% |
| Open | $0.04016 (622 Sats) |
| Close | $0.06692 (732 Sats) |
| High | $0.08253 (Jun 3) |
| Low | $0.04016 (Apr 1) |
| % of Days Positive vs. USD | 52% |
| % of Days Positive vs. BTC | 44% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | +3.64% |
| Avg. Tweet Volume | 102 |
| Max Tweet Volume | 345 (Apr 23) |
| Min Tweet Volume | 38 (Jun 21) |
| % of Days Positive Sentiment | 51% |
| Most Positive Day | 85/100 (May 30) |
| Most Negative Day | 28/100 (May 19) |

## NOTABLE NARRATIVES

Kin Community Approves Move From Stellar Fork to Solana's Blockchain

Stellar (XLM) Aims to Become the Go-To Network for Digital Dollar

Stellar Invests $5M in Crypto Wallet Abra to Launch New XLM Products

Elliptic Partners With Stellar to Launch First XLM Transaction Monitoring System

# Tezos - Summary

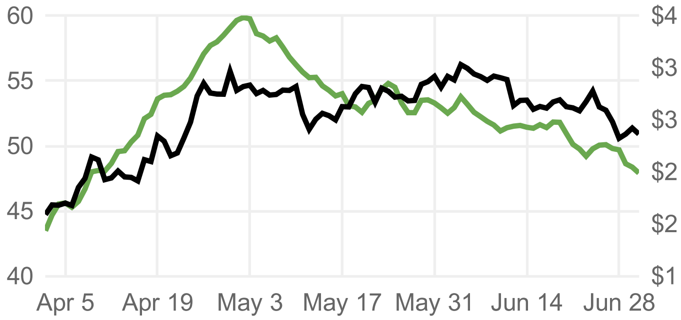
+48.59% $2.36

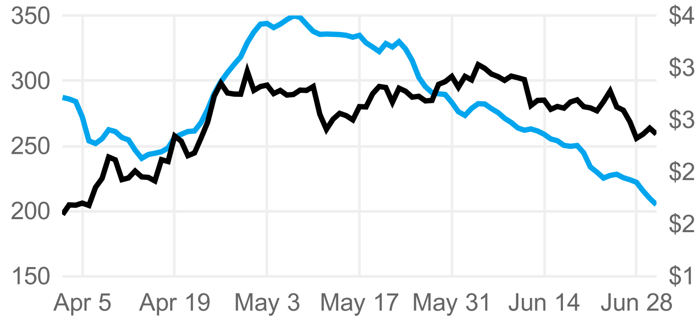
as of June 30, 2020

148,230 FOLLOWERS

2.53% INVESTORS

Data on eToro Users as of June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +48.59% |
| Price Change vs. BTC | +4.95% |
| Open | $1.59 (.000247 BTC) |
| Close | $2.36 (.000259 BTC) |
| High | $3.03 (Jun 3) |
| Low | $1.59 (Apr 1) |
| % of Days Positive vs. USD | 48% |
| % of Days Positive vs. BTC | 43% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | -29.99% |
| Avg. Tweet Volume | 274 |
| Max Tweet Volume | 650 (Apr 24) |
| Min Tweet Volume | 109 (Jun 14) |
| % of Days Positive Sentiment | 57% |
| Most Positive Day | 81/100 (Apr 24) |
| Most Negative Day | 26/100 (Jun 5) |

## NOTABLE NARRATIVES

Tezos Likely Avoiding SEC Action With $25M Class-Action Lawsuit Settlement

Like Ethereum, Tezos Plans to Introduce Domain Names

Largest Private Investment Bank in Latin America Issues Real Estate Tokens on Tezos

Most Transactions on XRP, EOS and Tezos Don't Transfer Any Value

Tezos Chooses Chainlink Oracles to Power its Smart Contracts

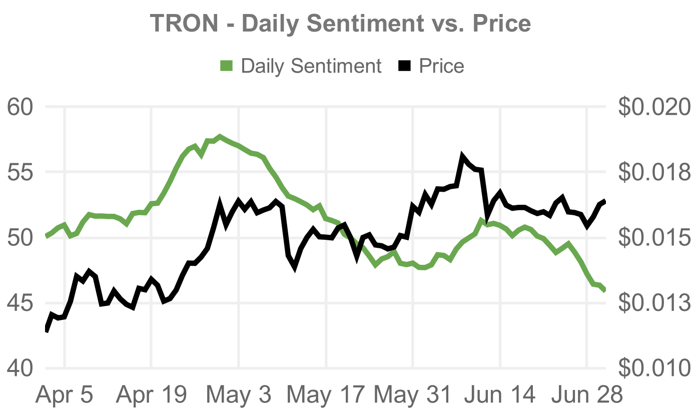
# TRON - TRX

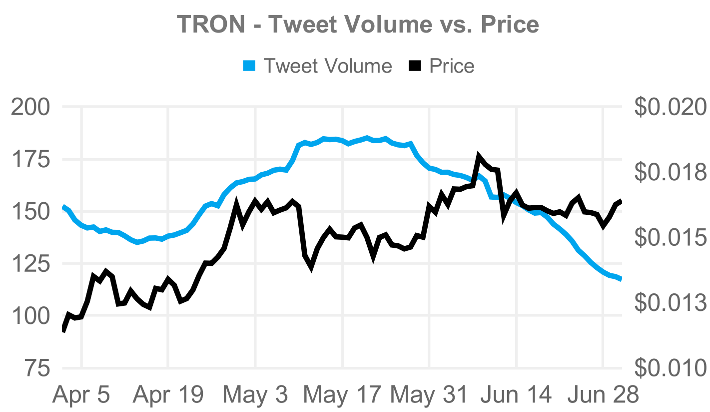
+44.25% $0.016404
as of June 30, 2020

365,481 FOLLOWERS

3.88% INVESTORS

Data on eToro Users as of June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +44.25% |
| Price Change vs. BTC | +1.89% |
| Open | $0.011372 (176 Sats) |
| Close | $0.016404 (180 Sats) |
| High | $0.018093 (Jun 7) |
| Low | $0.011372 (Apr 1) |
| % of Days Positive vs. USD | 53% |
| % of Days Positive vs. BTC | 51% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | -28.76% |
| Avg. Tweet Volume | 150 |
| Max Tweet Volume | 378 (May 9) |
| Min Tweet Volume | 60 (Jun 21) |
| % of Days Positive Sentiment | 48% |
| Most Positive Day | 81/100 (Apr 27) |
| Most Negative Day | 26/100 (May 6) |

## NOTABLE NARRATIVES

**Great Voyage: TRON 4.0 Officially Launches on July 7th**

**Developer Activity Surrounding Eos, Tron, and Bitcoin Cash Plummets**

**The USDT Supply on TRON Surpasses a Major Milestone**

**Justin Sun's New Stablecoin Sells Out in Under Five Minutes**

**Samsung Galaxy Store now Lists Multiple TRON Dapps**

# XRP - Summary

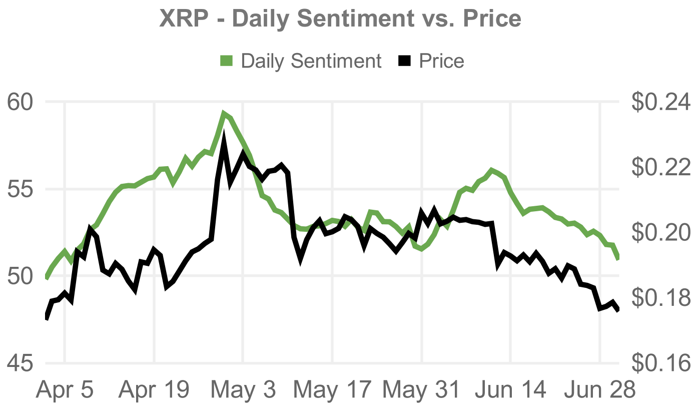
+1.54% $0.17587

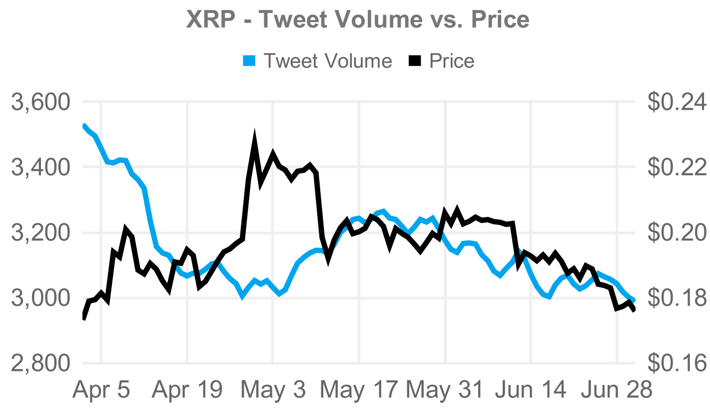
as of June 30, 2020

4,181,052 FOLLOWERS

46.01% INVESTORS

Data on eToro Users as of June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +1.54% |
| Price Change vs. BTC | -28.28% |
| Open | $0.17320 (2,684 Sats) |
| Close | $0.17587 (1,925 Sats) |
| High | $0.22719 (Apr 29) |
| Low | $0.17320 (Apr 1) |
| % of Days Positive vs. USD | 48% |
| % of Days Positive vs. BTC | 41% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | -21.81% |
| Avg. Tweet Volume | 3,061 |
| Max Tweet Volume | 4,160 (Apr 28) |
| Min Tweet Volume | 2,255 (Jun 13) |
| % of Days Positive Sentiment | 68% |
| Most Positive Day | 81/100 (Apr 28) |
| Most Negative Day | 26/100 (May 5) |

## NOTABLE NARRATIVES

**UnionBank Collaborates With Ripple Partner to Offer Remittance Services to the Unbanked**

**XRP is Not a Security, Says Former CFTC Chairman**

**98% of XRP Transactions are Empty, Says Report**

**Ripple Sues YouTube Over Cryptocurrency Scams**

**Ethereum and XRP Could Power Central Bank Digital Currencies, Bank of France Says**

# Zcash - Summary

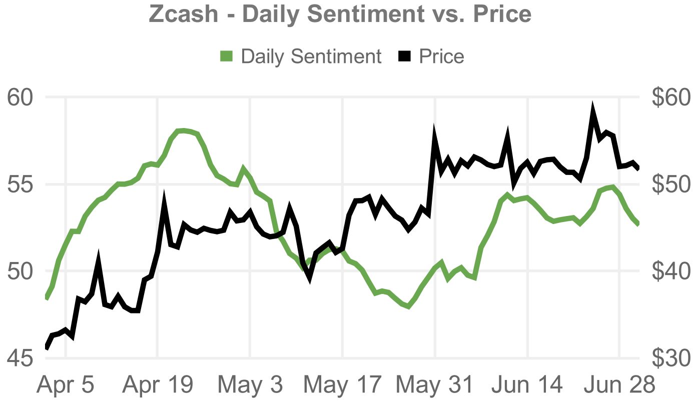
+66.79% $51.59

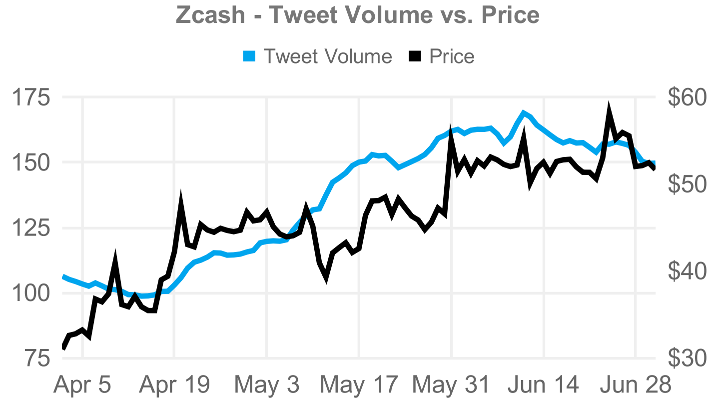
as of June 30, 2020

178,883 FOLLOWERS

1.40% INVESTORS

Data on eToro Users as of June 30, 2020




## QUARTERLY PRICE METRICS

| | |
|---|---|
| Price Change vs. USD | +66.79% |
| Price Change vs. BTC | +17.80% |
| Open | $30.99 (.00480 BTC) |
| Close | $51.59 (.00566 BTC) |
| High | $58.14 (Jun 23) |
| Low | $30.99 (Apr 1) |
| % of Days Positive vs. USD | 52% |
| % of Days Positive vs. BTC | 45% |

## QUARTERLY SENTIMENT METRICS

| | |
|---|---|
| Tweet Volume Change | -4.60% |
| Avg. Tweet Volume | 144 |
| Max Tweet Volume | 300 (Jun 9) |
| Min Tweet Volume | 68 (Apr 1) |
| % of Days Positive Sentiment | 54% |
| Most Positive Day | 80/100 (May 1) |
| Most Negative Day | 17/100 (May 6) |

## NOTABLE NARRATIVES

Not So Private: 99% of Zcash and Dash Transactions Traceable, Says Chainalysis

Zcash's First Halving May Solve Its Inflation Problem

Zcash Developer Alliance Brings Together Industry Leaders to Focus on Interoperability

Zcash Researchers Discover Criminals Are Laughably Unskilled at Using Crypto

Zcash Fully Shielded Transactions Jump 70% to New Record in April

# The State of Digital Assets

## Q2 2020

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