



BLOCKCHAIN INVESTMENT & ADVISORY

CRYPTO MARKET UPDATE

26 November 2018

- ▶ Bitcoin's dominance rose to 53.9% from 53.4% a week ago. The total Crypto Market fell by almost 27%, and overall volume has increased 32%. Bitcoin is down by more than 25%, Ethereum lost 29%, XRP is down by 24%, and EOS is down by 21%. Best performers among top-40 crypto were Bitcoin Diamond (-10.4%) and Dogecoin (-16,3%).
- ▶ US Justice Department Tether Investigation
- ▶ European Commission Launches Blockchain Association
- ▶ UK Considers Banning Crypto Derivatives
- ▶ Major OTC Desks Creates OTC Sport Index
- ▶ Bakkt Moves BTC Futures Launch
- ▶ ICOs Liquidated 172,000 ETH Over Past 2 Months
- ▶ Bitcoin Merchant Payments Down by 80%
- ▶ Auditor Claims USDC Stablecoin is Fully Backed
- ▶ Ethereum Development Plan Acceleration
- ▶ Singapore Authority Approves Digital Security Exchange

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Crypto MktCap	\$128 bn
24H Volume	\$19.8 bn
BTC dominance	53.9%

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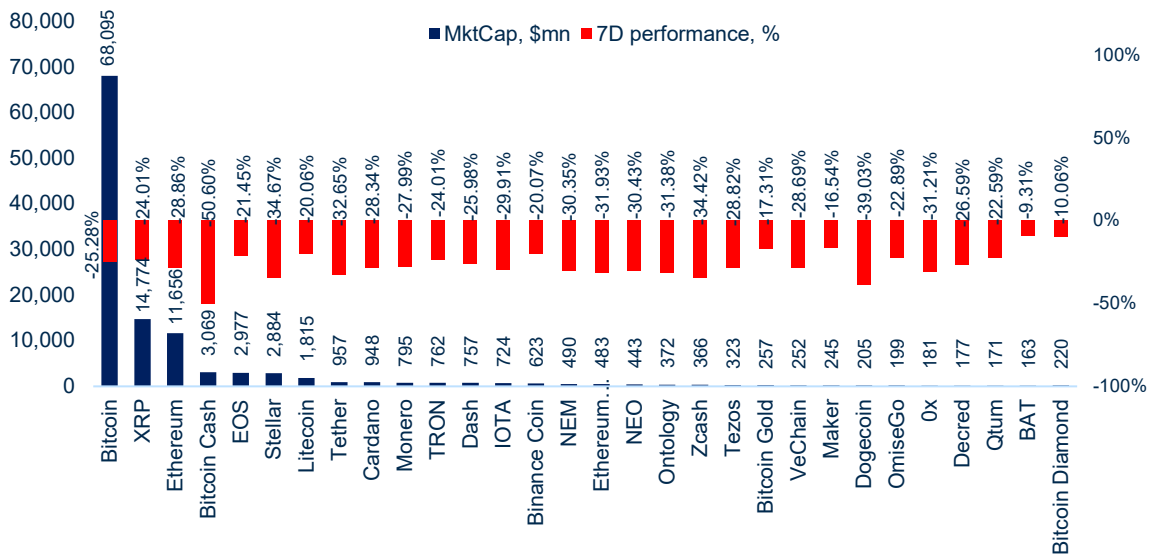
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**Pricing as of 10:00 AM BST 26/11/2018.*

MARKET MOMENTUM

The crypto sell off continues as last week wiped almost another 34% off the total market cap, bottoming at \$115 billion. Bitcoin has fallen to its 420-day low at around \$3,500 representing a 36% weekly loss. Although this Monday will bring Americans back from the holidays, which has helped to push the price towards \$4,200, BTC is currently back below \$4,000 and continues to fight its support. Ethereum is no different, more than a 37% intra-week loss has brought ETH towards double digits at \$99 on Sunday, and the same as BTC, ETH has slightly recovered and currently sits at \$114. The sell-off has no particular trigger, although some may argue with the increased negative activity of the SEC, Bitcoin Cash and Bakkt launch delay, experienced traders called sub \$4k and BTC is most likely bottoming at ~\$3k from August via historical BTC charts.

Figure 1. The performance and market capitalisation of top-30 cryptocurrencies (by MktCap)



Source: coinmarketcap.co, as of 26th of November 2018 as of 10:00 AM BST

Figure 2. Worst performing digital assets* (7 days)

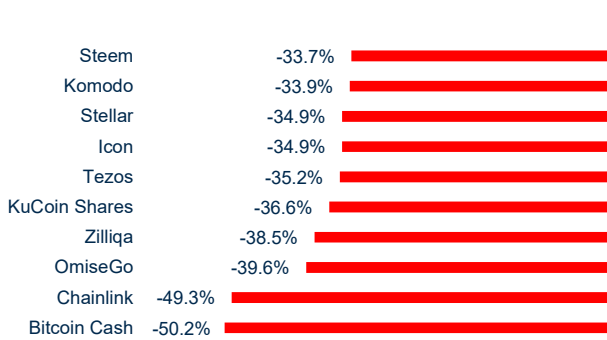
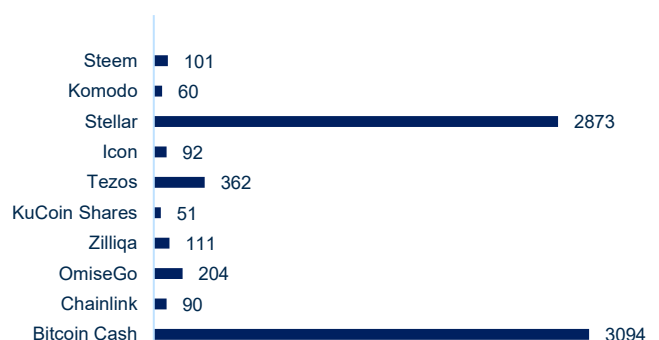


Figure 3. MktCap of worst performing digital assets*

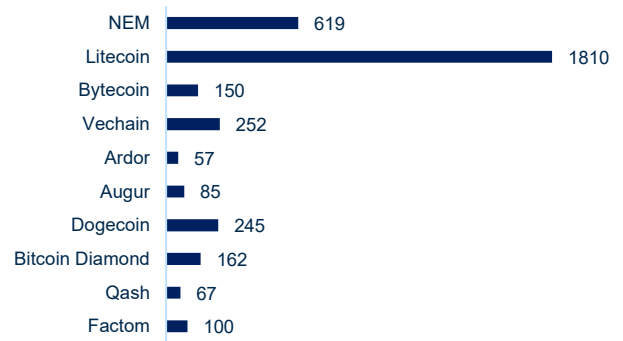
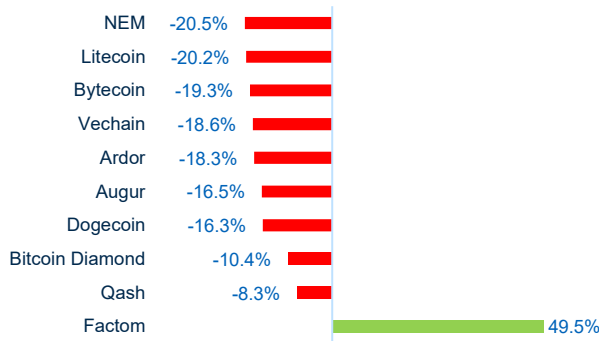


Source: coinmarketcap.com, *) MktCap>=\$50m

Source: coinmarketcap.com, *) MktCap>=\$50m

Figure 4. Best performing digital assets (7 days)

Figure 5. MktCap of best performing digital assets



Source: coinmarketcap.com, Mkt Cap >=\$50m

Source: coinmarketcap.com, Mkt Cap >=\$50m

Figure 6. Top-30 digital assets by MktCap valuation

Asset	Ticker	Sector	Price	Network value, \$mn	24H volume, \$mn	Network value to Transactions volume (24H)	Network value to Github commits	Consensus	%7d	Price, % of ATH
Bitcoin	BTC	Currency	3,914	68095	6655	10,2	4,3	POW	-25,3%	20%
Ripple	XRP	Currency	0.366	14774	1115	13,3	2,6	FBA	-24,0%	10%
Ethereum	ETH	Platform	112.7	11656	2321	5,0	3,8	POW	-28,9%	8%
Bitcoin Cash	BCH	Currency	175.6	3069	225	13,6	104,2	POW	-50,6%	5%
EOS	EOS	Platform	3.29	2977	1042	2,9	0,3	dPOS	-21,5%	14%
Stellar	XLM	Platform	0.15	2884	128	22,5	2,9	FBA	-34,7%	16%
Litecoin	LTC	Currency	30.6	1815	548	3,3	6,7	POW	-20,1%	8%
Tether	USDT	Stable coin	1	957	1827	0,7	0,2	POR		
Cardano	ADA	Platform	0.037	948	35	27,1	12,5	POS	-32,7%	3%
Monero	XMR	Privacy coin	57.14	795	21	37,9	1,1	POW	-28,3%	11%
TRON	TRX	Platform	0.012	762	76	10,0	0,5	dPOS	-28,0%	4%
Dash	DASH	Privacy coin	90.1	757	167	4,5	0,1	POW	-24,0%	5%
IOTA	IOTA	Platform	0.27	724	15	48,3	3,2	DAG/POW	-26,0%	5%
Binance Coin	BNB	Exchange	5.02	623	11	56,6	62,5	POW	-29,9%	22%
NEM	XEM	Platform	0.06	490	11	44,5	1,9	POI	-20,1%	3%
Ethereum Classic	ETC	Platform	4.61	483	186	2,6	92	POW	-30,4%	10%
NEO	NEO	Platform	7.44	443	135	3,3	0	dBFT	-31,9%	4%
Ontology	ONT	Platform	0.825	372	57	6,5	0,2	POS/BFT	-30,4%	7%
Zcash	ZEC	Privacy coin	69.97	366	106	3,5	3,1	POW	-31,4%	7%
Tezos	XTZ	Platform	0.6	323	2	161,5	40,5	dPOS	-34,4%	5%
Bitcoin Gold	BTCG	Currency	18.65	257	7	36,7	68,4	POW	-28,8%	4%
VeChain	VET	Platform	0.0046	252	8	31,5	110,6	POA	-17,3%	5%
Maker	MKR	Exchange	346.46	245	0,6	422,4	0,1	POW	-28,7%	21%
Dogecoin	DOGE	Currency	0.0021	205	13	15,8	5,7	POW	-16,5%	11%

OmiseGo	OMG	Dapp	1.47	199	21	9,5	21,8	POW	-39,0%	5%
0x	0X	Platform	0.36	181	12	15,1	0	POW	-22,9%	15%
Decred	DCR	Currency	20.41	177	1,3	136,2	6,8	POS/POW	-31,2%	16%
Qtum	QTUM	Platform	2	171	178	1,0	6,8	POS	-26,6%	2%
BAT	BAT	Platform	0.146	163	6	27,2	107,2	POW	-22,6%	15%
Bitcoin										
Diamond	BTCD	Currency	1.07	220	3	73,3	351	POW	-9,3%	2%

Source: Coinmarketcap.com, NKB Research *as of 26th of November, 11:30 BST

REGULATORY NEWS

U.S. Justice Department Investigates Tether Ties with December Rally

The U.S. Justice Department has joined CFTC's investigation of Tether ties to last year's Bitcoin rally. Tether, which is directly linked to crypto exchange Bitfinex, received subpoenas last year from the CFTC, however neither Tether nor Bitfinex has yet been accused of wrongdoing. Investigators are looking into specific trading strategies such as spoofing (faking market orders), how the tethers are created, why they enter the market predominantly through Bitfinex and most importantly, whether for every digital coin issued, it has \$1 in the bank.

European Commission is Launching Blockchain Application Association in 2019

The International Association for Trusted Blockchain Application (IATBA), which aims to develop guidelines, protocols and strategy for the blockchain industry in Europe, will be launched by The European Commission next year and they have already signed major banks such as BBVA as members.

UK Considers Banning Crypto Derivatives

Speaking at crypto regulation event in London, (where NKB's Head of Brokerage, Ben Sebley, was a panelist) FCA executive Christopher Woolard, expressed FCA concerns around specific crypto derivatives being sold to retail investors. "The FCA will ... consult on a prohibition of the sale to retail consumers of derivatives referencing certain types of crypto assets (for example, exchange tokens), including CFDs, options, futures and transferable securities". The FCA also plans to consult on which digital assets fall within its existing regulations by the end of the year, Woolard added.

Singapore Stock Exchange Clarifies Rules for Public Firms Issuing Tokens

The Singapore Exchange (SGX) has published guidelines for companies already publicly listed, and which are considering an ICO. Every firm is required to consult token issuance with an SGX regulatory subsidiary, provide a legal opinion on the nature of tokens, auditor's opinion on how the ICO should be treated from an accounting perspective, and, if tokens are securities, they should be properly registered and SGX RegCo expects issuers to be "ultimately responsible for maintaining a robust system of risk management and internal controls". Finally, companies are also required to make certain disclosures such as the risk involved, raised funds allocation and KYC/AML checks.

Gibraltar Blockchain Exchange Officially Approved by Regulators

The Gibraltar Financial Services Commission (GFSC) has officially granted a license to The Gibraltar Blockchain Exchange (GBX), subsidiary of The Gibraltar Stock Exchange (GSX). GSX is therefore claiming to be the first stock exchange which owns a regulated blockchain exchange.

CRYPTO MARKET NEWS

Three Major OTC Desks Create OTC Spot Index

VanEck subsidiary MV Index Solutions, has launched Bitcoin OTC Spot Index (MVBTCO) in collaboration with Genesis, Cumberland and Circle, which will provide price feeds. Director of VanEck's digital asset strategy, Gabor Gurbacs, said that "the index may pave the way for institutionally oriented products, such as ETFs, as well as provide further tools to institutional investors to execute institutional size trades at transparent prices on the OTC markets."

Bakkt Moves BTC Futures Launch on January 2019

The highly anticipated launch of Intercontinental's Exchange Bitcoin futures trading platform has been postponed until 24th January 2019, according to the company's blog post. Originally intended for launch on 12th December, Bakkt is on hold due to the "volume of interest" and "work required to get all the pieces in place" as Bakkt CEO Kelly Loeffler writes.

ICOs Liquidated 172,000 ETH over Past 2 Months

Interesting research conducted by Larry Cermak, who went through ICOs' ETH treasuries and found out that combined, ICOs hold over 3.57m ETH (3.5% of ETH supply), ICOs liquidated 172,000 ETH (4.6% of total treasury holdings) from September and in aggregate, ICOs have moved/liquidated 64% of all ETH they raised. This report thus indicates that the sell-off has not been as drastic as has been generally thought. Yet.

Silvergate Capital Files for IPO

Silvergate Capital Corporation, holding company of Silvergate bank which has more than 480 crypto-related customers, has filed S-1 form for an IPO. Among Silvergate's clients were names like Gemini, Kraken and Paxos. Importantly, The Digital Currency Group has participated in Silvergate's \$114 million funding round.

Mining Farm Giga Watt Files for Bankruptcy

Giga Watt, Bitcoin cloud mining start up, founded by well-known BTC miner Dave Carlson, has filed for bankruptcy according court filings. Giga Watt, who originally planned to build a crypto mining facility in the state of Washington via its \$20 million ICO in July 2017, has previously been sued for conducting an unregistered securities offering.

Bitcoin Merchant Payments down by 80%, Hashrate Dropped by 44%

According to Chainalysis, the use for commercial payment in Bitcoin has dropped by nearly 80%. Chainalysis surveyed 17 BTC payment processors and found that payments fell from \$427 million in December 2017 to \$96 million in September. On Wednesday, BTC hashrate (mining difficulty measurement) dropped by almost 44% compared to its ATH in August, and as of Sunday, the hashrate is recovering with a 38% rise from Wednesday.

Auditors Claim USDC Stablecoin is Fully Backed

Major auditing firm Grant Thornton LLP, reported that Circle, the company behind dollar-pegged coin USDC, has \$127.5 million in their bank account, which is sufficient to cover every issued token. USDC joined the "stable coin army" of previously audited Gemini's TrueUSD and Paxos Standart Token.

Ethereum Development Plan Acceleration

Key Ethereum developers, including V. Buterin, G. Colvin, J. Lubin, D. Ryan, and others, had a private meeting to discuss the acceleration of the development to boost the platform capabilities

in the short term. The minutes were published on Github by an engineer of the Ethereum virtual machine, Greg Colvin. The Ethereum developers are under pressure to amend the public roadmap. The changes discussed include a system-wide upgrade or hard fork (targeted for June 2019), also the replacement of Ethereum's virtual machine, storage fees for smart contracts and some other smaller updates.

Last Week Investments

Binance invest \$3 million in OTC trading desk Koi Trading via its venture arm Binance Labs.

SECURITY TOKEN NEWS

Monetary Authority of Singapore Approves Digital Security Exchange

The Monetary Authority of Singapore has approved ClearBridge Accelerator and its fundraising platform CapBridge, to run their own digital security exchange called 1exchange, in order to help companies raise funds and enabling investors to buy and sell digital assets.

Overstock Retail Business for Sale

Overstock's shares have surged by 26% after CEO Preston Byrne announced that he will sell the retail business selling home furniture and jewellery to fully shift his focus to blockchain development. Byrne's plans for the blockchain space will be realized through Overstock's subsidiary Medici Ventures, where Byrne has invested \$175 million. One of the most famous start-ups backed by Byrne, is digital securities exchange tZERO, which has not yet launched despite having raised more than \$130 million in August.

Tokenestate Executes First Security Token Transaction

Swiss-based security token issuer Tokenestate, has executed its first equity transaction on blockchain, selling its own shares in exchange for a payment in Swiss francs.

Digital Security Insights

Jesus Rodriguez has been very active so far in creating thoughtful and challenging content for everyone involved/interested in digital security space. His two recent blog posts clear the hype in the security token world as well as pointing out the lack of promised liquidity.

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