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EXECUTIVE SUMMARY

BTC Behaving More as Risk-on Asset, Less as Store of Value

Bitcoin has stagnated in a $91,000 to $102,000 range as global geopolitical tensions have risen, extending a consolidation phase that has now lasted over 75 days.

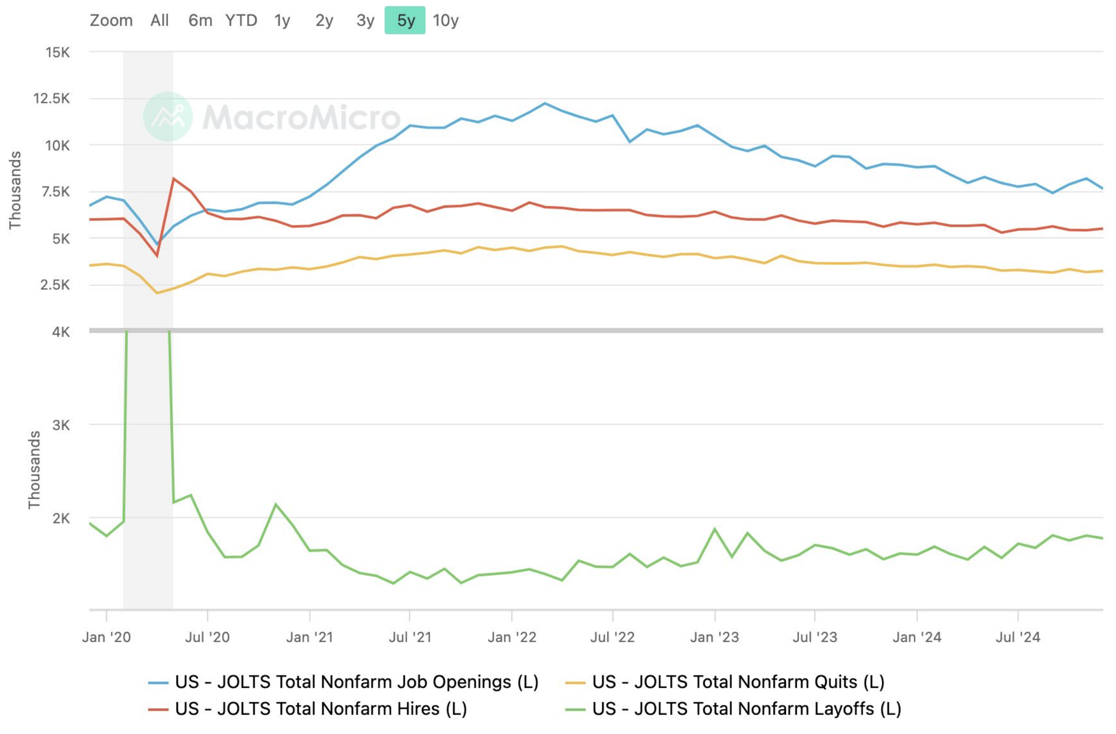
This prolonged range-bound action, however, reflects Bitcoin's increasing maturity as an asset, and annualised realised volatility has hit an all-time low. Despite this, BTC remains highly reactive to macroeconomic developments, notably tumbling after Trump's tariff announcements targeting Mexico, Canada, and China.

BTC/USD 6H Chart. (Source: Bitfinex)

Recent trends suggest that BTC is increasingly being treated as a risk-on asset rather than a pure store of value. Its correlation with the S&P 500 remains strong, while its relationship with gold has weakened. While Bitcoin has gained 3.5 percent so far this year, gold is up 9 percent, hitting a new all-time high of $2,880 per ounce. The gold rally has added $1.5 trillion to its market cap this year, dwarfing Bitcoin's $66.5 billion increase. This divergence is driven by institutional and sovereign wealth fund purchases, which have largely bypassed Bitcoin due to regulatory concerns and volatility.

However, a shift may be underway. Over $196 billion worth of Bitcoin is now held by ETFs, public and private companies, and even nation states. With central banks expanding money supply and fiat devaluation risks rising, Bitcoin's fixed-supply narrative is becoming increasingly attractive.

We expect BTC's range-bound behaviour to persist in the near term, with potential downside pressure if macro conditions worsen. However, in our view, even as gold continues to rise and institutional sentiment around Bitcoin shifts, the long-term store-of-value narrative for Bitcoin remains intact.



US Job Openings and Labor Turnover Summary

Data that will influence future central bank moves, continue to be closely watched. The US job market showed signs of slowing in January, with 143,000 new jobs added, though upward revisions to previous months' figures reinforced labour market resilience. Unemployment remained steady at 4 percent, reflecting a stable workforce supported by immigration-driven growth. Wage gains of 0.5 percent in January, marking a 4.1 percent annual increase, continue to fuel consumer spending, which remains a key driver of economic activity.

However, higher labour costs and slowing productivity growth could contribute to inflationary pressures, complicating the Federal Reserve's decision on interest rates. Meanwhile, trade tensions between the US and Canada have temporarily eased following a 30-day tariff pause, but uncertainty remains as unresolved trade disputes could disrupt supply chains and raise consumer prices.

With job growth moderating, unemployment claims rising, and trade risks continuing to cast uncertainty on future economic prospects, policymakers face growing challenges in balancing economic stability, control over inflation, and managing the impact of workforce dynamics in the months ahead.

The crypto industry remains bullish, however. Following the departure of SEC Chairman Gary Gensler, there has been a surge in crypto-related ETF applications, with over 45 active filings, including spot ETFs and futures products on assets like Solana (SOL) and Ripple (XRP). The SEC's evaluation of these applications will focus on market stability, particularly liquidity and susceptibility to manipulation. Meanwhile, the Commodity Futures Trading Commission is also ramping up regulatory discussions, organising a CEO Forum with industry players including Circle, Coinbase, and Ripple.

This initiative aims to gather insights on a proposed stablecoin and collateral management pilot program, reflecting a broader push for structured regulatory oversight in the digital asset space.

As regulatory discussions progress, crypto adoption continues to expand into traditional industries. In the UAE, Tether has partnered with Reelly Tech to introduce USDt stablecoin payments in real estate transactions, a move that will allow over 30,000 agents to facilitate cross-border property purchases efficiently. This partnership aligns with the UAE's growing reputation as a global crypto hub, where off-plan real estate sales have surged, reflecting strong investor interest in digital asset integration.

On the recovery front, FTX has announced the commencement of its initial distributions to creditors following the approval of its Chapter 11 reorganisation plan. Payments will begin on February 18, 2025, through BitGo and Kraken, marking a critical milestone in the exchange's efforts to compensate affected customers. While asset recovery remains ongoing, this development signals progress in addressing the fallout of FTX's collapse.

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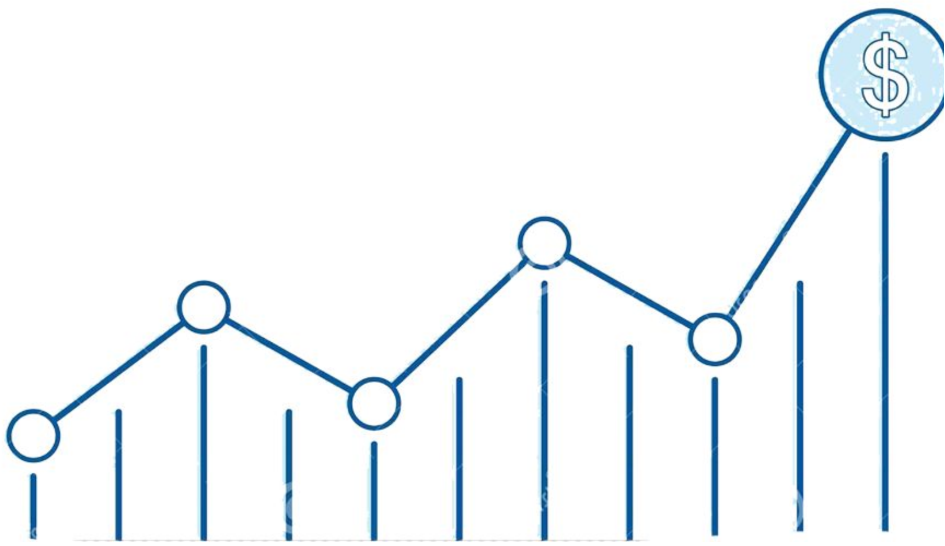


MARKET SIGNALS

BTC Remains Range-Bound While Geopolitical Tensions Continue

Over the past week, Bitcoin has remained within its established range of $91,000-$102,000, a price band that has persisted for over 75 days. This extended consolidation reflects the broader trend of diminishing volatility for Bitcoin as it matures as an asset. Realised volatility for BTC recently reached an all-time low, a sign of the asset's increasing stability despite short-term fluctuations.

Figure 1. BTC/USD 6H Chart. (Source: Bitfinex)

The correlation between Bitcoin and traditional equities, as well as broader global markets, has also continued to hold. As can be seen above, on the last two Fridays alone, Bitcoin saw a sharp decline following the Trump administration's announcement of tariffs on imports from Mexico, Canada, and China (refer to the vertical white lines above).

It further demonstrates Bitcoin's heightened sensitivity to macroeconomic events, particularly those involving global trade policies. Despite some short-term volatility on news events, Bitcoin's price range overall remains stable, indicating that broader global macro forces are playing a more prominent role in its performance.

Bitcoin has solidified its place among the world's largest assets, now boasting a market capitalization of close to $2 trillion, positioning it as the 7th largest asset globally. This puts Bitcoin ahead of traditional heavyweights such as silver, Saudi Aramco and Meta ($1.7 trillion), highlighting its growing influence and importance in the global financial landscape.

As a result, it is becoming increasingly crucial to assess Bitcoin's role within the broader market and whether investors view it as a high-beta risk asset or as a store of value, or as it is often referred: "digital gold."

Rank	Name	Market Cap	Price	Today	Price (30 days)	Country
1	Gold GOLD	$19.381 T	$2,886	0.33%		
2	Apple AAPL	$3.419 T	$227.63	-2.40%		USA
3	NVIDIA NVDA	$3.179 T	$129.84	0.90%		USA
4	Microsoft MSFT	$3.046 T	$409.75	-1.46%		USA
5	Amazon AMZN	$2.409 T	$229.15	-4.05%		USA
6	Alphabet (Google) GOOG	$2.270 T	$187.14	-3.19%		USA
7	Bitcoin BTC	$1.918 T	$96,809	0.79%		
8	Silver SILVER	$1.811 T	$32.18	-1.35%		
9	Meta Platforms (Facebook) META	$1.810 T	$714.52	0.36%		USA

Figure 2. Top Assets By Market Capitalisation (Source: Companies Marketcap)

Recent trends have shown a notable shift in Bitcoin's market behaviour. While the correlation between Bitcoin and the S&P 500 has continued to strengthen, Bitcoin's correlation with gold has significantly decreased over the past few months. This shift suggests that Bitcoin is increasingly behaving like a risk-on asset, more aligned with traditional equities, rather than maintaining its original store of value narrative. This changing dynamic is a key consideration for investors as they evaluate Bitcoin's position in their portfolios and its role within the broader asset class of cryptocurrencies.

We believe over the long-term however, that an increase in the gold price will eventually act as a tailwind for Bitcoin as an increasingly digital world invests more in digital assets. While Bitcoin has experienced a modest increase of 3.5 percent this year, gold has outpaced it with a notable 9.02 percent gain, reaching an all-time high of $2,880 per ounce. (refer Figure below)

While Bitcoin's market cap has grown by $66.5 billion, gold's market cap has risen by $1.5 trillion. This reflects the view that gold is still a more established store-of-value asset which can benefit from recent geopolitical and economic developments.

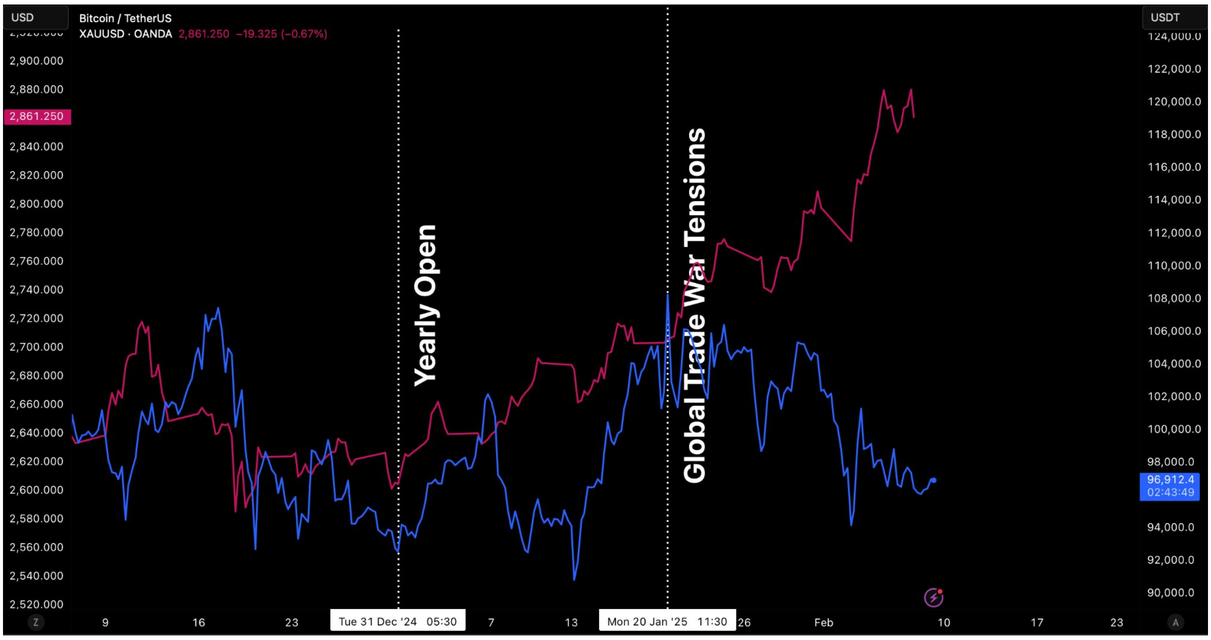


Figure 3. BTC vs Gold Performance Since 2025 Open. (Source: Bitfinex & Forex.com)

A key driver behind gold's performance has been the re-election of President Donald Trump, whose aggressive trade policies have fuelled economic uncertainty. Furthermore, the Federal Reserve's stance on interest rate cuts have reduced the opportunity cost of holding non-yielding assets like gold. Concerns over inflationary pressures due to expansive fiscal policies have also made gold an attractive hedge against potential currency devaluation, further driving demand for the precious metal.

1. Bitcoin's Sensitivity to Liquidity, Not Just Rates

In contrast, Bitcoin's price movements are more closely tied to speculative flows and general risk appetite. While Treasury rates have been declining, risk premiums have increased due to ongoing macro uncertainties—most notably, trade wars and political instability in the US. As a result equity markets (which are highly correlated to Bitcoin prices) have remained volatile, and for Bitcoin, it has not seen the large institutional investor flows that have benefitted gold in recent weeks.

While real yields are falling, the decline has not been sharp enough to trigger a full-scale "risk-on" environment that would typically benefit Bitcoin. On the other hand, gold benefits from defensive positioning and the ongoing trend of de-dollarization, while Bitcoin continues to be viewed primarily as a high-beta risk asset, more sensitive to speculative demand than long-term stability.

2. Bitcoin’s Lack of Institutional Safe-Haven Flows

Gold’s recent price surge has been largely driven by structural buying from sovereign wealth funds, central banks, and institutional investors with long-term mandates. Bitcoin, however, is still lacking this type of deep, stable capital base. Institutional investors, such as pension funds and sovereign entities, remain cautious about Bitcoin’s volatility, regulatory uncertainty, and its relatively short track record as a viable asset for long-term investment.

While Bitcoin ETFs have certainly helped to drive demand, their inflows have been inconsistent. As of the latest data, Bitcoin ETFs collectively hold $116.09 billion in assets under management. This represents just 6.08 percent of Bitcoin's total supply, and ETF flows remain volatile, with significant outflows recently of $234.4 million and $140.2 million on two separate days last week (see Figure below). Consequently, Bitcoin remains a speculative asset for the time being, with traders often taking profits on rallies rather than positioning for long-term wealth preservation.

	Blackrock	Fidelity	Bitwise	Ark	Invesco	Franklin	Valkyrie	VanEck	WTree	Grayscale	Grayscale	Total
	IBIT	FBTC	BITB	ARKB	BTCO	EZBC	BRRR	HODL	BTCW	GBTC	BTC	
Fee	0.25%	0.25%	0.20%	0.21%	0.25%	0.19%	0.25%	0.20%	0.25%	1.50%	0.15%	
21 Jan 2025	661.9	7.0	(17.4)	8.5	0.0	6.2	0.0	0.0	0.0	0.0	136.4	802.6
22 Jan 2025	344.3	0.0	(34.7)	(13.0)	0.0	0.0	0.0	0.0	0.0	(47.9)	0.0	248.7
23 Jan 2025	154.6	9.2	42.1	8.4	12.4	0.0	0.0	0.0	0.0	(49.9)	11.9	188.7
24 Jan 2025	155.7	186.1	(8.6)	168.7	0.0	0.0	0.0	0.0	2.8	0.0	13.0	517.7
27 Jan 2025	63.9	(268.6)	(88.6)	(50.1)	0.0	0.0	0.0	(5.7)	0.0	(108.5)	0.0	(457.6)
28 Jan 2025	30.1	0.0	0.0	(11.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.4
29 Jan 2025	(28.4)	18.2	(4.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	106.2	92.0
30 Jan 2025	321.5	209.1	23.0	12.6	5.2	6.1	0.0	6.0	0.0	0.0	4.6	588.1
31 Jan 2025	363.8	0.0	(56.0)	35.6	0.0	0.0	0.0	5.8	0.0	(30.6)	0.0	318.6
03 Feb 2025	0.0	(177.6)	(5.5)	(50.7)	0.0	0.0	0.0	(8.6)	0.0	8.0	0.0	(234.4)
04 Feb 2025	249.0	0.0	16.1	56.1	0.0	0.0	0.0	0.0	0.0	19.5	0.0	340.7
05 Feb 2025	44.4	10.6	0.0	0.0	0.0	0.0	0.0	0.0	11.4	0.0	0.0	66.4
06 Feb 2025	0.0	(103.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(42.2)	5.2	(140.2)
07 Feb 2025	21.9	52.5	10.5	59.0	0.0	5.6	0.0	21.8	0.0	0.0	0.0	171.3
Total	40,795	12,780	2,315	3,016	335	482	539	878	257	(21,906)	1,214	40,706
Average	151.1	47.3	8.6	11.2	1.2	1.8	2.0	3.3	1.0	(81.1)	4.5	150.8

Figure 4. Spot US Bitcoin ETFs. (Source: FarsideUK)

3. Bitcoin Is Still Tied to Tech & Risk Sentiment

A key factor that differentiates Bitcoin from gold is its correlation with tech stocks and as such the NASDAQ, which lists many of the world's leading tech stocks. Despite a broader market rotation into defensive assets, Bitcoin still moves in sync with speculative technology equity stocks. With AI stocks and other growth sectors facing rising investor scrutiny due to inflated valuations and increasing geopolitical risks, Bitcoin has not seen the same level of institutional inflows as other risk assets. As a result, Bitcoin's price remains closely tied to tech market sentiment, preventing it from benefiting in the same way as gold in times of macroeconomic stress.

However, it is important to note that there is still the potential for a longer-term reappraisal of Bitcoin's status as a risk asset. Approximately $196 billion worth of Bitcoin are now held by ETFs and nation states, as well as public and private companies. This investment has taken place as central banks around the world have ushered in unprecedented growth in money supply, effectively eroding their currencies' purchasing value. In comparison, Bitcoin's limited supply and increased mining difficulty over time supports the idea of Bitcoin as a long-term store of value and as an alternative to gold. Bitcoin interest among institutional investors has also increased. Hedge funds, asset management firms, and endowments recognise its potential as a store of value and as an effective portfolio diversifier, specifically, when looking through the lens of what should be an uncorrelated asset that has the potential to hedge against inflation.

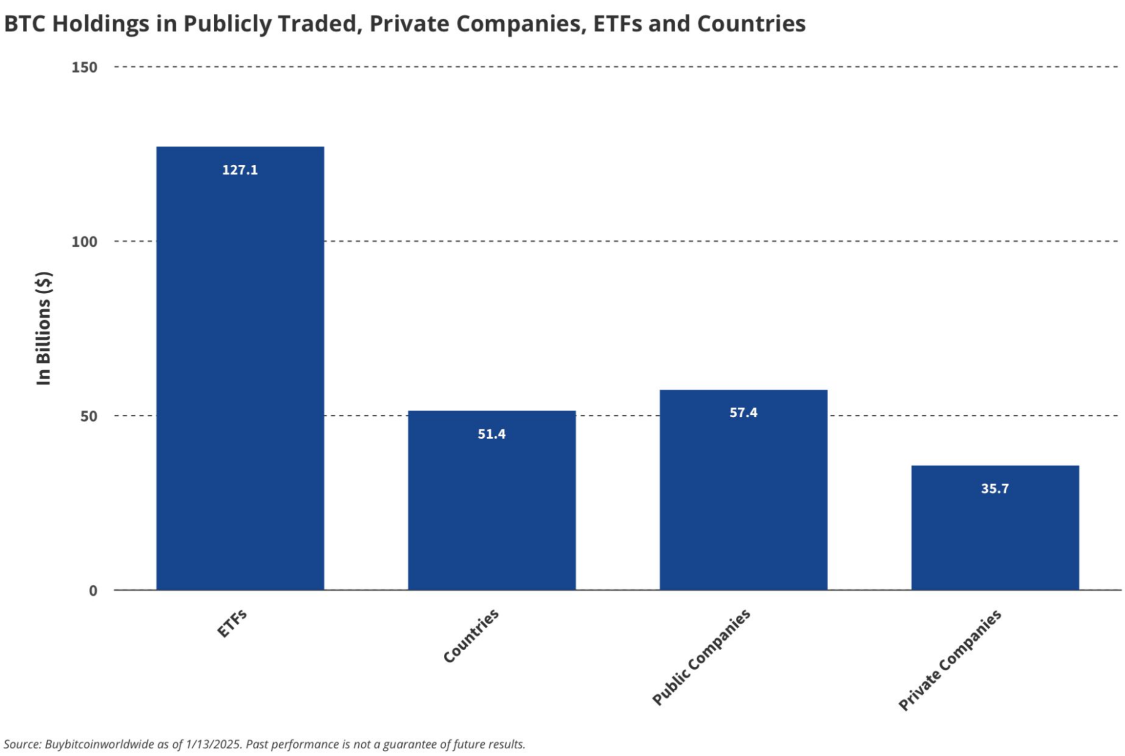


Figure 5. Bitcoin Held By ETFs, Countries and Companies. (Source: VanEck)

As Bitcoin matures, it has also led to long-term price stability, with its annualised realised volatility at an all-time low at 46 percent. (refer Figure below)

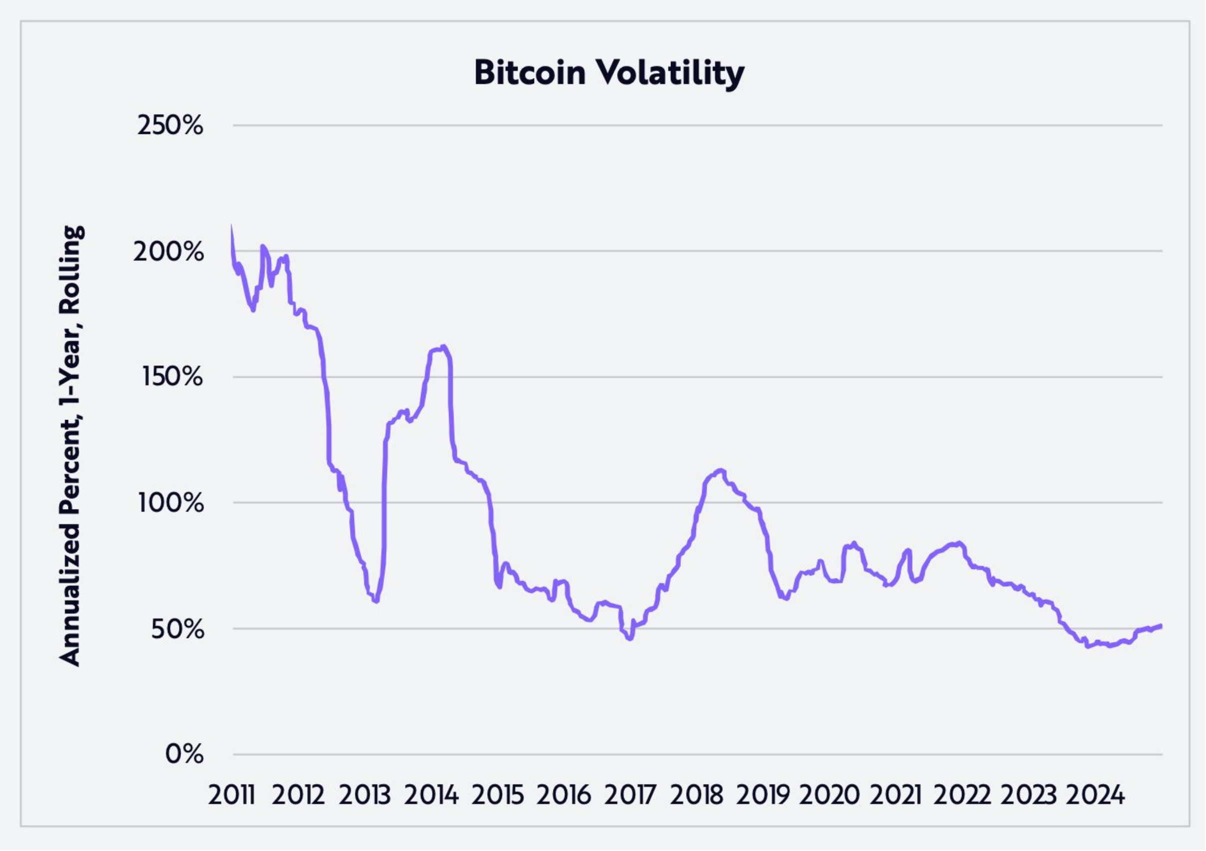


Figure 6. Bitcoin Rolling Annualised Volatility. (Source: Fidelity)

We believe that while Bitcoin may face some short-term pressures due to macroeconomic headwinds in the coming weeks, its long-term value proposition continues to strengthen. The recent decrease in volatility, coupled with the rising price of gold, should highlight Bitcoin's growing appeal as an alternative store of value. Despite short-term fluctuations, Bitcoin's fundamental narrative remains intact, with increasing institutional interest and its positioning as a potential hedge against inflation and currency devaluation continuing to support its long-term potential.

GENERAL MACRO UPDATE

US Job Growth Slows in January, But Wage Gains Keep Consumer Spending Strong

US job growth slowed more than anticipated in January following strong employment gains in the previous two months. However, a stable 4 percent unemployment rate suggests that the Federal Reserve may delay interest rate cuts until at least June.

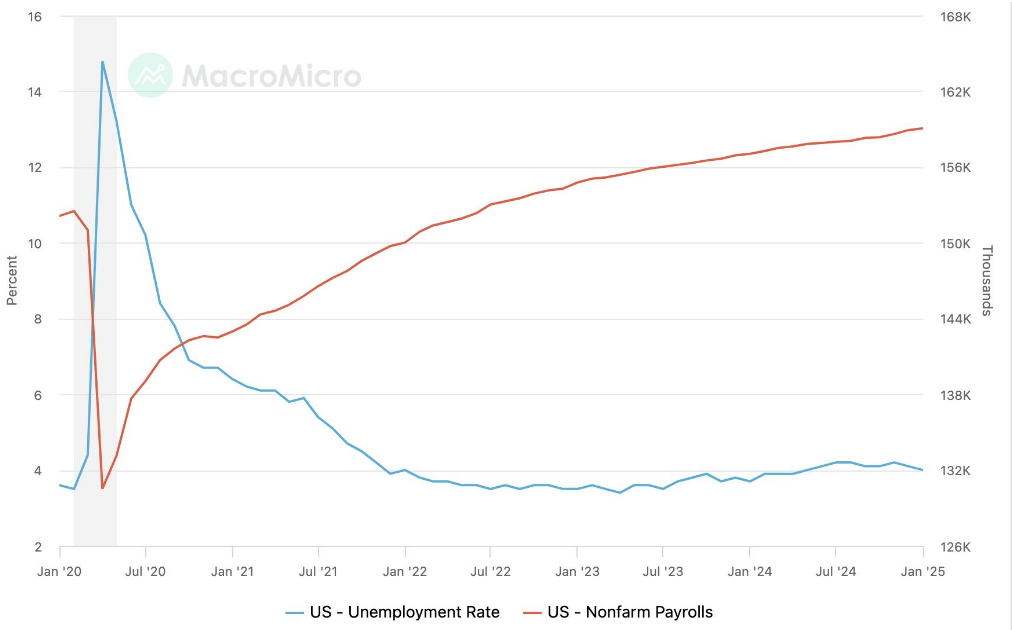


Figure 7. Unemployment Rate & Nonfarm Payroll (Source: Macromicro)

Despite the slowdown in job creation, the labour market remains robust, driven by a substantial labour force, which according to the Bureau of Labor Statistics' Employment Situation Summary issued last Friday, February 7th, grew by 2.23 million workers to 170.74 million people. Of these, 163.89 million are employed. The labour force participation rate for men aged 25 to 54 stands at 89.4 percent, while for women, it is 77.7 percent.

While January saw a modest addition of 143,000 jobs, revisions to November and December employment figures added 100,000 jobs to previous estimates, reinforcing the view that the labour market remains strong. These adjustments provide a clearer picture of continued economic resilience despite the weak headline figure.

Average hourly earnings surged by 0.5 percent in January, marking the largest increase in five months. On a yearly basis, wages grew by 4.1 percent, highlighting a solid trend that supports consumer spending. The strength of wage growth is a key factor in sustaining economic expansion, as higher incomes drive household demand and economic activity.

The report offers a more favourable view of the Federal Reserve’s decision to implement a 50 basis-point rate hike last September. It also supports the argument made by dovish policy makers within the Federal Open Market Committee, who see the policy rate as restrictive and advocate for rate cuts. Future rate decisions will continue to be influenced by the trajectory of economic growth, inflation trends, and the effects of trade and immigration policies.

Future Job Growth and Policy Considerations

Looking ahead, potential policy shifts from the Trump Administration on trade and immigration could moderate job creation. With unemployment stabilising at 4 percent, which is widely regarded as a proxy for full employment, the labour market is expected to remain resilient even as growth eases.

While January’s job growth came in lower than expected, upward revisions to past employment figures and strong wage growth paint a positive picture of the US labour market. The Fed will likely remain cautious in adjusting interest rates as policy makers assess economic growth, inflationary pressures, and workforce dynamics in the months ahead.

Trade Tensions Between the US and Canada Ease, But Economic Uncertainty Remains

A potential trade war between the US and Canada was temporarily averted after discussions between US President Donald Trump and Canadian Prime Minister Justin Trudeau, led to a 30-day delay after Canada agreed to strengthen border security measures.

Understanding the Tariff Conflict

On February 1st, the US announced plans to implement tariffs on Canadian goods, including a 25 percent levy on most imports and a 10 percent tariff specifically targeting energy products. In response, Canada proposed retaliatory measures, setting tariffs on $155 billion worth of American goods. These actions, if enacted, could significantly impact businesses, consumers, and economic growth across North America.

Tariffs act as a tax on imported goods, making them more expensive for consumers and businesses. When one country imposes tariffs, the affected country often responds with its own trade restrictions, leading to a cycle of economic retaliation. If the planned tariffs take effect after the 30-day pause, Canada's GDP could take a hit, reducing economic output and disrupting trade relationships with both the US and Mexico.

This trade dispute marks another major challenge for Canada's economy, which has already faced supply chain disruptions due to the pandemic. If no resolution is reached and tariffs remain in place for an extended period, businesses may face higher costs, leading to increased prices for consumers and potential job losses.

What It Means for the US Economy

For the US, the tariffs on Canadian, Mexican, and Chinese goods represent one of the most significant shifts in trade policy since the 1930s. While the immediate impact has been delayed, economic analysts predict that the long-term effects could include slower growth and increased inflation. The Federal Reserve is closely monitoring the situation, as higher costs for businesses could be passed on to consumers, leading to rising prices.

2024 : U.S. trade in goods with Canada

NOTE: All figures are in millions of U.S. dollars on a nominal basis, not seasonally adjusted unless otherwise specified. Details may not equal totals due to rounding. Table reflects only those months for which there was trade.

Month	Exports	Imports	Balance
January 2024	26,303.4	33,309.1	-7,005.8
February 2024	28,499.9	33,395.2	-4,895.3
March 2024	30,756.0	34,218.1	-3,462.0
April 2024	30,643.6	34,883.6	-4,240.0
May 2024	30,566.8	35,669.4	-5,102.6
June 2024	29,930.2	34,393.2	-4,463.0
July 2024	27,702.1	35,798.9	-8,096.9
August 2024	29,983.5	33,036.4	-3,052.9
September 2024	29,107.4	34,633.3	-5,525.9
October 2024	30,526.8	34,463.3	-3,936.6
November 2024	28,351.3	33,438.1	-5,086.8
December 2024	26,989.0	35,457.1	-8,468.1
TOTAL 2024	**349,359.9**	**412,695.7**	**-63,335.8**

Figure 8. US Trade in Goods with Canada

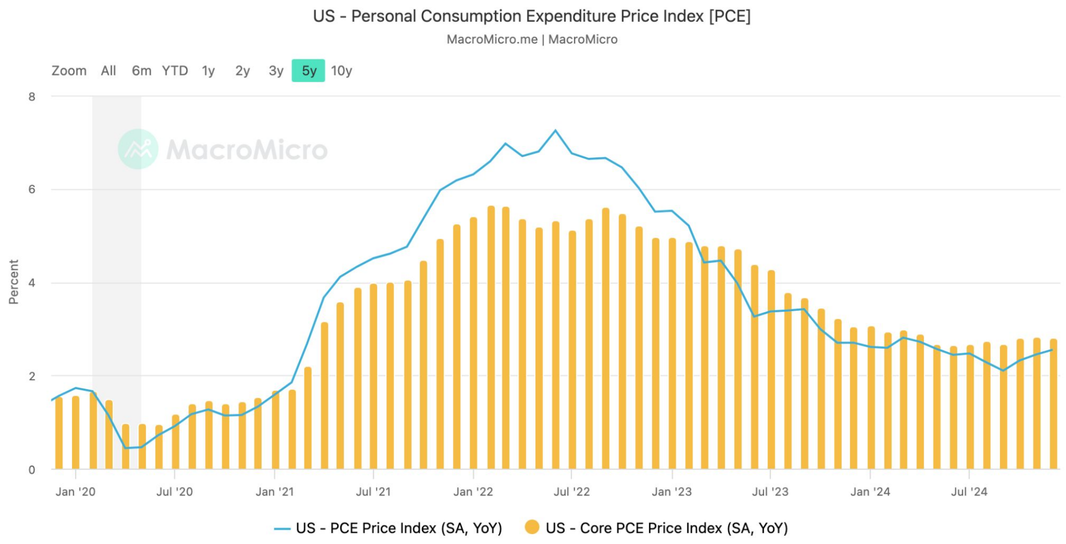


Figure 9. US Personal Consumption Expenditure Price Index

Based on the impact of tariffs from previous trade tensions, we estimate that if tariffs remain at 25 percent on Canadian and Mexican imports, inflation in the US could rise by 0.5 percent to 1 percent annually, potentially pushing overall **Core Personal Consumption Expenditures (Core PCE) inflation** above 3 percent by the end of 2025. Core PCE is the Fed's preferred measure of inflation as it excludes volatile food and energy prices, providing a clearer picture of underlying price pressures. The justification for this estimate comes from historical tariff impacts and the expected pass-through effect of higher import costs on domestic prices. Specifically, the additional costs for US businesses relying on Canadian imports—especially energy and manufactured goods—are likely to translate into higher consumer prices over time. Higher tariffs in particular on energy imports from Canada could further drive up fuel prices, impacting transportation and manufacturing industries.

As we have warned previously, tariffs disproportionately affect low-income households, which are already struggling with rising living costs. Higher tariffs on

How China Fits into the Picture

China, which faces its own economic challenges such as an ageing population, falling property values, and rising youth unemployment, is particularly vulnerable to US tariffs. Since China relies heavily on exports to sustain growth, additional trade restrictions could slow its economy further. Meanwhile, the US economy remains relatively strong, but if Canada and Mexico implement retaliatory tariffs, it could lead to economic stagnation for all countries and potentially stagflation for the US, where growth slows while inflation continues to rise.

The Federal Reserve faces a complex challenge in balancing economic growth and controlling inflation. Tariffs can both slow the economy and increase inflation, making it difficult for the Fed to set policies that address both concerns. If trade tensions persist, inflation could remain high, forcing the Fed to reconsider its approach to interest rates. The higher costs of goods, especially necessities like food and housing, could also lead to demands for wage increases, potentially triggering a cycle of rising prices and wages.

The Path Forward

The best-case scenario for North America's economy would be a negotiated trade agreement that removes tariffs altogether. However, if tariffs persist, businesses and consumers will likely feel the strain through higher prices, reduced product availability, and job losses. The longer the trade dispute continues, the more damage it could inflict on economic stability across the US, Canada, and Mexico.

While a temporary pause has been put in place, the underlying trade tensions remain unresolved. The next 30 days will be crucial in determining whether North America can avoid a full-scale trade war or whether economic uncertainty will continue to grow.

US Labour Market Shows Signs of Softening with Rising Unemployment Claims

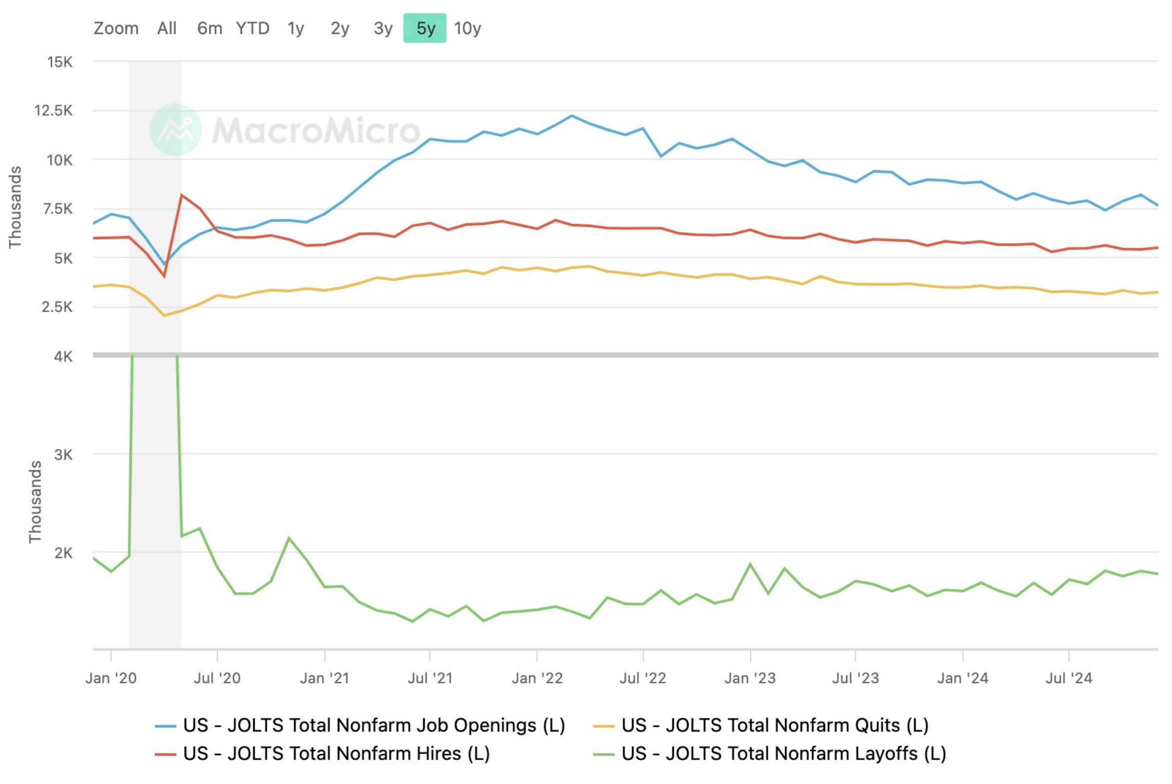


Figure 10. Job Openings and Labor Turnover Summary (Source: US Bureau of Labor Statistics)

The number of Americans filing new applications for unemployment benefits rose last week, indicating a gradual easing in labour market conditions. While layoffs remain relatively low, job opportunities are becoming scarcer as hiring slows, raising concerns about the future strength of the economy.

Rising Unemployment Claims and Slowing Job Openings

According to the US Labour Department's Unemployment Insurance Weekly Claims report, issued last Thursday, February 7th, initial claims for state unemployment benefits increased by 11,000 to a seasonally adjusted 219,000 for the week ending February 1st. This figure slightly exceeded the consensus forecast of 213,000 claims.

The earlier JOLTS (Job Openings and Labor Turnover Summary) report, issued last Tuesday further highlighted a decline in job availability, with 1.1 job openings per unemployed person in December, down from 1.15 in November. This suggests that while layoffs remain minimal, finding new employment is becoming increasingly difficult for those who are unemployed.

Labour market strength has been a key driver of economic expansion, allowing the Fed to pause interest rate cuts. Policymakers continue to assess the effects of fiscal, trade, and immigration policies, which economists warn could contribute to inflationary pressures. The slowing pace of hiring and rising jobless claims may influence future monetary policy decisions as the Fed aims to balance economic growth and inflation control.

Sluggish Productivity Growth and Rising Labor Costs

In addition to employment concerns, the latest Productivity and Costs report from the Bureau of Labor Statistics showed that worker productivity growth slowed in the fourth quarter, contributing to increased labour costs. Nonfarm productivity, which measures hourly output per worker, rose at an annualised rate of only 1.2 percent in the fourth quarter, compared to a revised 2.3 percent increase in the previous quarter. The consensus forecast was a slightly more substantial gain of 1.4 percent. Productivity growth over the past year stood at 1.6 percent, below the long-term average of 2.1 percent.

Rising Wages and Inflation Pressures

Higher labour costs are compounding inflationary pressures, making it more challenging for the Fed to meet its 2 percent inflation target. Unit labour costs—the cost of labour per unit of output—surged by 3 percent in the fourth quarter, significantly higher than the 0.5 percent increase recorded in the third quarter. Labour costs grew by 2.7 percent from a year ago, marking an uptick from the 2.6 percent increase in 2024 and 2.2 percent in 2023.

Hourly compensation also increased by 4.2 percent in the fourth quarter, following a 2.9 percent rise in the previous quarter. These rising wages and slowing productivity growth could further complicate efforts to control inflation and maintain economic stability.

With interest rates climbing and uncertainty surrounding trade and immigration policies, productivity growth has become even more critical for long-term economic stability. For the economy to sustain expansion, productivity growth would need to remain at approximately 2.5 percent, higher than the pre-pandemic average of 1.5 percent.

Tighter immigration policies and an ageing workforce due to the retirement of the baby boom generation are further constraining labour supply. Businesses must find a balance between labour costs and productivity to ensure continued economic resilience amid policy uncertainties and evolving market conditions.

The recent uptick in unemployment claims and slowing job growth suggest that the US labour market may be losing momentum. Meanwhile, rising labour costs and stagnant productivity pose additional challenges for policymakers striving to maintain economic stability.

NEWS FROM THE CRYPTO-SPHERE

Surge in Crypto-Related ETF Filings Post-SEC Leadership Change

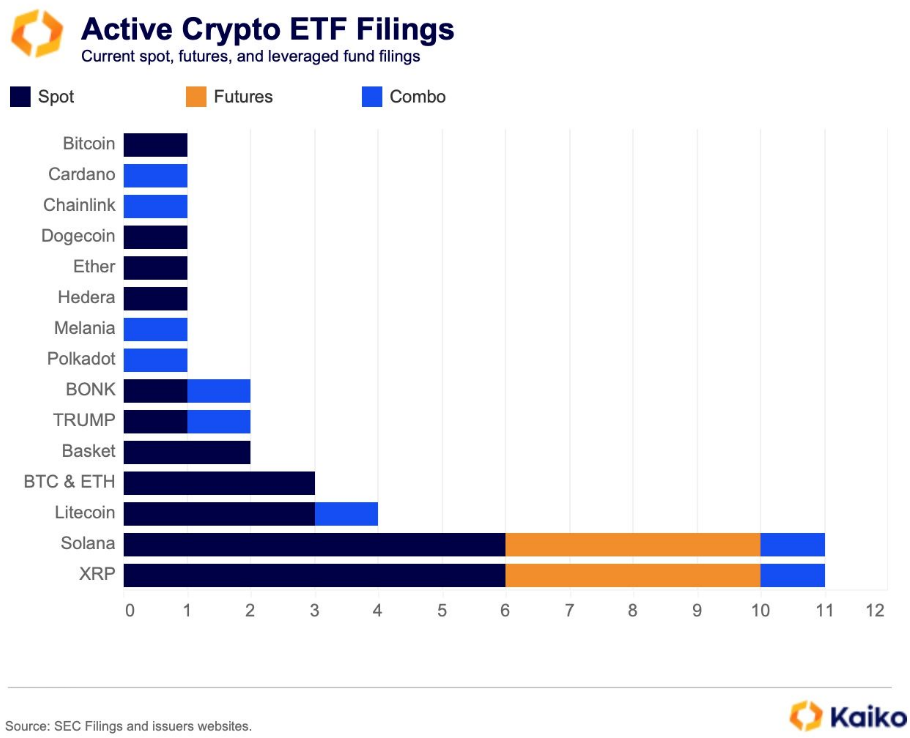


Figure 11. Number of Crypto ETF Filings (Source: Kaiko)

- **Following SEC Chairman Gary Gensler's departure, ETF filings for digital assets have surged, with over 45 active applications, including proposals for spot ETFs and futures products on assets like Solana (SOL) and Ripple (XRP)**
- **In its deliberations over these applications, the SEC will assess market stability. SOL and XRP have lower market depth than Bitcoin (BTC) and Ethereum (ETH), and therefore are more susceptible to manipulation**

Following the departure of SEC Chairman Gary Gensler, there has been a notable increase in exchange-traded fund (ETF) applications linked to digital assets. Currently, there are over 45 active ETF filings, ranging from proposals to convert existing trusts into spot ETFs to more ambitious plans targeting newly launched memecoins. Notably, firms like ProShares and Vol Shares have filed for futures products on assets such as Solana (SOL) and Ripple (XRP), despite the absence of regulated futures markets for these cryptocurrencies in the US.

The SEC is expected to assess the health and stability of the underlying spot markets when considering these applications. Metrics like market depth, which measures the total buy and sell orders within 1 percent of the mid-price, serve as indicators of a market's capacity to handle large transactions without significant price fluctuations.

Currently, Bitcoin (BTC) and Ethereum (ETH) lead in market depth, while assets like SOL and XRP exhibit comparatively lower liquidity. This disparity suggests that markets for these assets may be more susceptible to manipulation, a factor the SEC will likely consider during the approval process.

The evolving landscape of ETF filings underscores the dynamic nature of the crypto industry and the importance of robust market infrastructure to support new financial products. As the SEC evaluates these applications, the focus will remain on ensuring that the underlying markets are efficient, stable, and capable of supporting the proposed ETFs without risk to investors.

CFTC to Host CEO Forum on Stablecoins and Collateral Pilot Program

Release Number 9049-25

CFTC Announces Crypto CEO Forum to Launch Digital Asset Markets Pilot

February 07, 2025

WASHINGTON, D.C. — The Commodity Futures Trading Commission will hold a CEO Forum of industry-leading firms to discuss the launch of the CFTC's digital asset markets pilot program for tokenized non-cash collateral such as stablecoins. Participants will include Circle, Coinbase, Crypto.com, MoonPay and Ripple. Further information on the CEO Forum will be released once details are finalized.

"I'm excited to announce this groundbreaking initiative for U.S. digital asset markets," said Acting Chairman Caroline D. Pham. "The CFTC is committed to responsible innovation. I look forward to engaging with market participants to deliver on the Trump Administration's promise of ensuring that America leads the way on economic opportunity."

Acting Chairman Pham has previously proposed a CFTC pilot program as a U.S. regulatory sandbox to provide regulatory clarity for digital asset markets and ensure that robust guardrails are in place. The CFTC has had success with pilot programs dating back to the 1990s.

The CFTC's Global Markets Advisory Committee, sponsored by Acting Chairman Pham, released a recommendation last year by its Digital Asset Markets Subcommittee on expanding the use of non-cash collateral through distributed ledger technology.

-CFTC-

Figure 12. CFTC to Host CEO Forum on Stablecoins and Collateral Pilot Program

- **The US Commodity Futures Trading Commission is organizing a CEO Forum with crypto industry leaders, including Circle, Coinbase, and Ripple, to discuss a pilot program for stablecoins and collateral management**
- **The forum follows recent leadership changes at the CFTC and SEC, with the SEC launching a new crypto task force to clarify token classifications**

The US Commodity Futures Trading Commission (CFTC) announced plans last Friday, February 8th, to host a "CEO Forum" aimed at gathering insights from industry leaders on a proposed pilot program focused on stablecoins and collateral management. The initiative is part of the agency's broader effort to explore regulatory frameworks for digital assets.

The discussion will include participation from firms such as Circle, Coinbase, and Ripple. The discussions will provide an opportunity for industry stakeholders to offer input on potential regulations and compliance measures for stablecoins.

The CFTC said the forum would help to ensure that it could deliver on the Trump administration's policy of putting the US at the forefront of economic innovation.

This initiative builds on a previous proposal from September 2023, to develop a structured pilot program to oversee digital assets. That proposal included a roundtable of industry representatives alongside rulemaking efforts centered on registration requirements and risk management strategies. The agency intends to assess data from the program before considering any long-term regulatory adjustments.

The regulatory landscape for digital assets has been shifting following recent leadership changes at the CFTC and the Securities and Exchange Commission (SEC). Former CFTC Chair Rostin Behnam officially stepped down last week, while former SEC Chair Gary Gensler, known for his cautious stance on crypto, departed in January. In response, the SEC has launched a new crypto task force aimed at clarifying the classification of digital tokens, with a particular focus on determining which assets should not be categorised as securities.

With regulatory discussions heating up, the upcoming CEO Forum will serve as a crucial platform for shaping the future of stablecoin oversight and digital asset policies in the US.

Tether Partners with UAE’s Reelly Tech to Introduce Stablecoin Payments in Real Estate

Figure 13. Tether Partners with UAE’s Reelly Tech to Introduce Stablecoin Payments in Real Estate

- **Tether and Reelly Tech partner in UAE Real Estate: Tether collaborates with Reelly Tech to integrate USDt stablecoin payments into real estate transactions, enabling over 30,000 agents to streamline deals with digital assets**
- **Education and Market Growth: The initiative includes an educational series on crypto payments and aligns with the UAE’s booming real estate sector, where off-plan sales surged to AED 283 billion in 2024, reinforcing the country’s role as a global crypto hub**

Tether, the issuer of the world’s largest stablecoin, has entered a strategic partnership with Reelly Tech, a prominent B2B real estate platform in what is a significant development for the UAE's real estate sector. According to an announcement last Thursday, February 6th, the collaboration aims to integrate USDt transactions into property deals, offering a streamlined and efficient payment solution for agents and buyers.

The partnership will enable over 30,000 real estate agents on Reelly Tech’s platform to leverage USDt for transactions, simplifying cross-border payments and enhancing financial efficiency. The initiative aligns with the UAE’s growing prominence as a global hub for digital asset adoption and innovation.

Educational Push for Stablecoin Adoption

A key component of this collaboration is the introduction of an educational series designed to familiarise real estate professionals with stablecoin applications in property transactions. Hosted on Reelly Tech's platform, the program will provide insights into the security and benefits of USDt transfers, equipping agents with the necessary knowledge to facilitate seamless crypto transactions.

Tether CEO Paolo Ardoino emphasised the significance of this initiative, stating, "We are excited to collaborate with Reelly Tech to drive blockchain innovation in the UAE's rapidly evolving real estate sector. This initiative reflects our commitment to advancing resilient digital economies by empowering individuals and businesses with the tools and knowledge to thrive in a digital world."

Reelly Tech, known for its AI-driven solutions and expansive market analysis, sees the partnership as an opportunity to redefine international property investments. CEO Vitaliy Ryzhak noted, "The UAE real estate market is experiencing dynamic growth, attracting large amounts of capital from around the world. We aim to make international real estate investment safe, efficient, and easy."

The timing of this collaboration coincides with an unprecedented surge in interest in Dubai's real estate sector. Recent reports indicate that off-plan sales reached AED 283 billion in 2024, marking a 27.5 percent increase from the previous year. With the UAE ranking among the top three countries for cryptocurrency adoption, the integration of stablecoins into real estate transactions is seen as a natural evolution for the market.

The UAE's regulatory environment has played a crucial role in fostering such initiatives. The Financial Services Regulatory Authority in Abu Dhabi and Dubai's Virtual Asset Regulatory Authority have created a supportive framework that has attracted major crypto firms, driving the region's digital asset market to $338 billion.

A Step Toward the Future of Real Estate Transactions

The integration of USDt into property transactions could pave the way for wider cryptocurrency adoption in real estate, offering an alternative to traditional banking channels and enabling faster, more transparent transactions. If successful, the initiative could set a precedent for other global markets exploring blockchain applications in real estate.

As the UAE continues to position itself as a leader in digital assets, the Tether-Reelly Tech partnership signals a transformative shift in how real estate transactions are conducted, bringing increased efficiency, security, and financial accessibility to one of the world's most dynamic property markets.

FTX Begins Initial Distributions to Creditors Following Chapter 11 Plan Approval

Figure 14. FTX Begins Initial Distributions to Creditors Following Chapter 11 Plan Approval

- **FTX will start distributing funds to eligible claimants under its Chapter 11 Plan on February 18, 2025, with payments processed through BitGo and Kraken**
- **Plan Administrator John J. Ray III calls the distributions a key milestone, while FTX continues working on asset recovery and additional creditor payments**

In a significant development for former customers and creditors of FTX, the collapsed cryptocurrency exchange announced last Friday the commencement of initial distributions under its Chapter 11 Plan of Reorganization. According to FTX, payments will begin on February 18, 2025, for eligible claimants in the Plan's Convenience Classes.

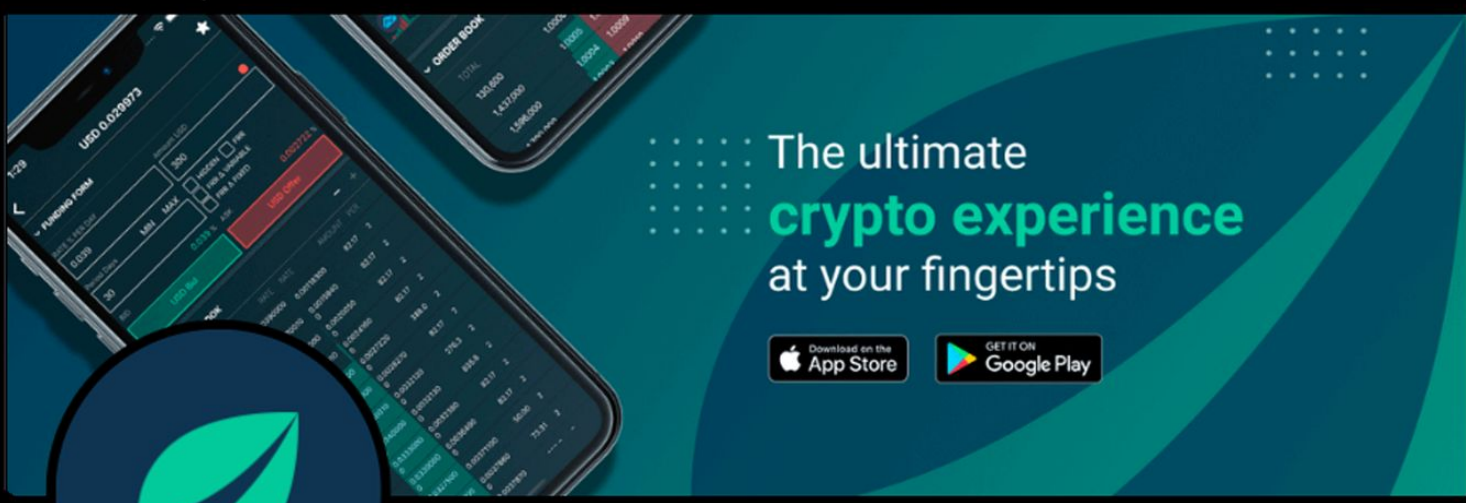
The company has confirmed that funds for these initial distributions have already been transferred to its designated Distribution Service Providers, BitGo and Kraken. These platforms will facilitate the recovery process for both institutional and retail customers in accordance with FTX's reorganization plan. Creditors who have completed pre-distribution requirements should expect to receive their payments within one to three business days after the scheduled distribution date.

John J. Ray III, Plan Administrator of the FTX Recovery Trust, called the distributions a crucial milestone in the recovery process, stating, "The start of these distributions is an incredible and important milestone for FTX. Today's announcement reflects the outstanding success of the recovery and coordination efforts of our team of professionals over the past 28 months."

The ongoing efforts to recover outstanding assets remain a key focus, as the company continues working to resolve claims under the approved restructuring framework.

For affected users, FTX has advised that once distributions reach their designated service providers, customers will be solely responsible for managing their own funds. Any questions regarding fund availability should be directed to the respective platforms handling the payments.

This marks a crucial step in FTX’s prolonged bankruptcy proceedings, as stakeholders await further updates on remaining claims and asset recovery initiatives.



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