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EXECUTIVE SUMMARY

February Ends with a Whimper. March Starts with a Bang!

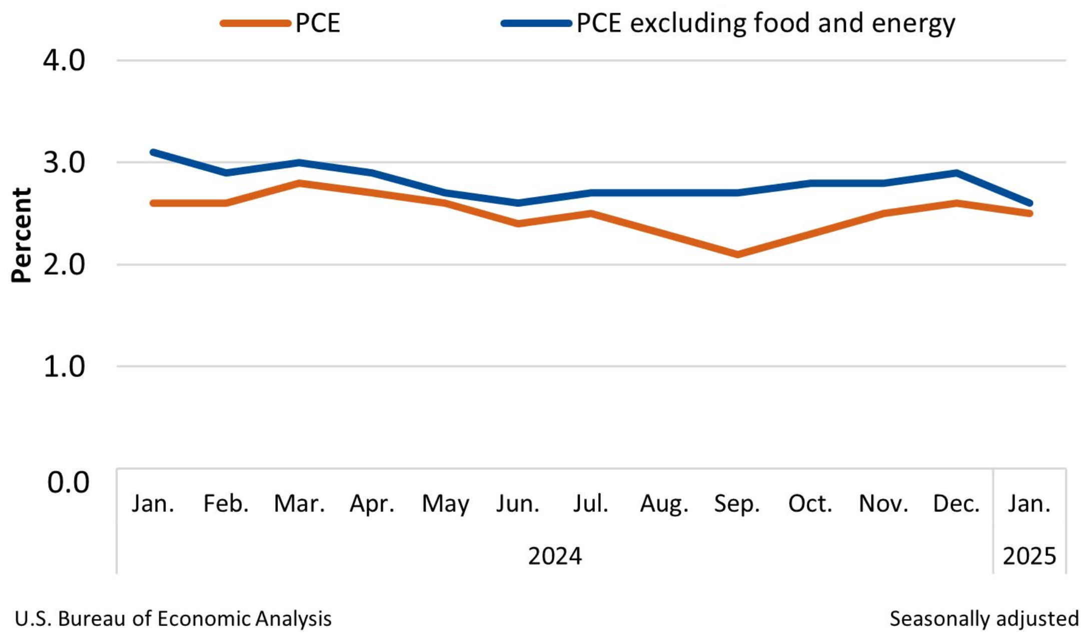
Bitcoin closed February with a steep 17.39 percent decline, marking its worst February performance since 2014 and the second-worst in history. The past week saw intense volatility, with Bitcoin plunging 18.4 percent to a low of $78,617 before rebounding. This sharp decline was largely driven by record-breaking Bitcoin ETF outflows, which on February 25, peaked at over $1.1 billion, as institutional flows weakened.

Since the November 2022 bottom was reached following the collapse of FTX, Bitcoin's bull market corrections have ranged between 18-22 percent, but the February pull back from the January all-time high of $109,590 extended to 28.3 percent, one of the most significant since the bear market ended.

BTC/USD Weekly Chart. (Source: Bitfinex)

The announcement on Sunday, March 2nd of a US crypto reserve by President Donald Trump triggered a sharp reversal with a 20 percent rise from local lows and over 12 percent on the day, but subsequent selling pushed Bitcoin down to approximately $92,000, and until there are more details of the proposed crypto reserve, we believe broader macro conditions, including the performance of the S&P 500, will heavily influence Bitcoin's trajectory in the coming weeks. The market remains fragile, and without renewed institutional inflows, sustained bullish momentum may prove elusive.

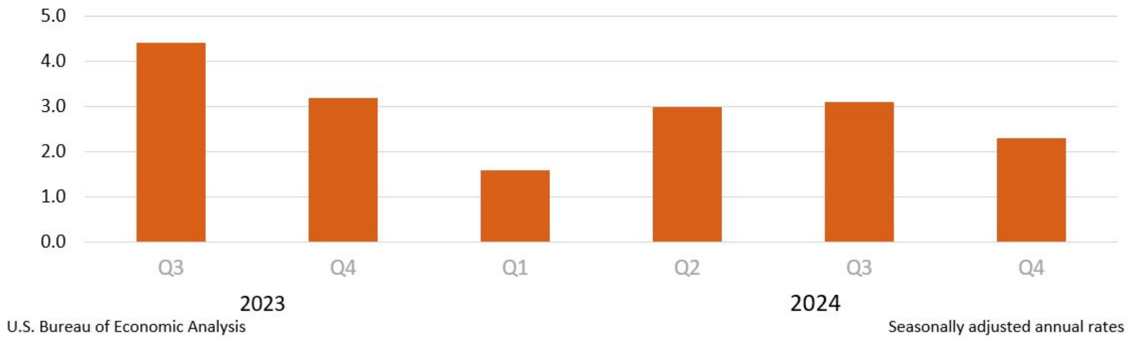
The US economic landscape remains complex, with persistent inflation, declining consumer confidence, and slowing growth shaping the outlook. January's Personal Consumption Expenditures inflation data revealed a 2.5 percent annual increase, exceeding the Federal Reserve's target of 2 percent. Despite the usual post-holiday dip in household spending, personal income rose by 0.9 percent in January, keeping the inflationary pressure up. Rising service costs and new import tariffs are also expected to further complicate the Fed's ability to adjust interest rates, making a rate cut in the near term unlikely.



Percent Change in PCE Price Index, Month-over-month Basis (US Bureau of Economic Analysis)

Consumer sentiment has also taken a hit, with the Conference Board's Consumer Confidence Index dropping to 98.3 in February, marking its sharpest decline in three and a half years. Job market concerns are growing, with more consumers reporting difficulty finding jobs and fewer expecting new opportunities in the coming months. Trade policies and rising prices for essential goods, including food and housing, continue to erode confidence.

Meanwhile, the US economy expanded at a slower rate of 2.3 percent in the fourth quarter of 2024, down from 3.1 percent in the previous quarter. This slowdown is attributed to harsh winter weather, declining retail activity, and uncertainty over trade policies. Although government spending and exports provided some support, consumer spending and business investment weakened. The widening trade deficit, which reached a record $153.3 billion in January, further highlights the challenges facing the economy. With inflationary pressures and sluggish consumer sentiment persisting, economic growth in early 2025 is expected to remain subdued unless key policy adjustments or favorable economic conditions drive renewed momentum.



Real GDP, Percent Change from Preceding Quarter

Trump's announcement of a US Crypto Strategic Reserve, indicated that it would include major cryptocurrencies including Bitcoin and Ethereum, and follows his executive order in January to clarify crypto regulation while banning a central bank digital currency (CBDC). This move confirms a major shift in the government's approach to digital assets, reinforcing the US as a global leader in crypto ahead of the White House Crypto Summit on March 7.

Meanwhile, MetaMask has announced plans to integrate Bitcoin and Solana into its wallet, allowing users to interact with these networks without requiring additional wallets. Solana, which has seen rapid adoption due to the popularity of memecoins, will be supported starting in May, while Bitcoin support is expected in the third quarter of 2024.

On the regulatory front, the US Securities and Exchange Commission (SEC) has clarified that most memecoins do not fall under federal securities laws, as they do not generate income or depend on managerial efforts. However, the SEC has cautioned that projects falsely labeling themselves as memecoins to bypass regulations or engaging in fraudulent activities will still be subject to legal action. This distinction provides some regulatory clarity while also underscoring the risks of investing in misleading crypto projects.

Meanwhile, the SEC has once again delayed its decision on whether to permit the Cboe to list options for Ether ETFs, pushing the deadline to May. A similar decision on Nasdaq ISE's request to list options for BlackRock's iShares Ethereum Trust is expected in April. The introduction of options for ETH ETFs is seen as a crucial step toward institutional adoption, especially considering that spot Ether ETFs have already attracted $11 billion in net assets since their launch in mid-2024.

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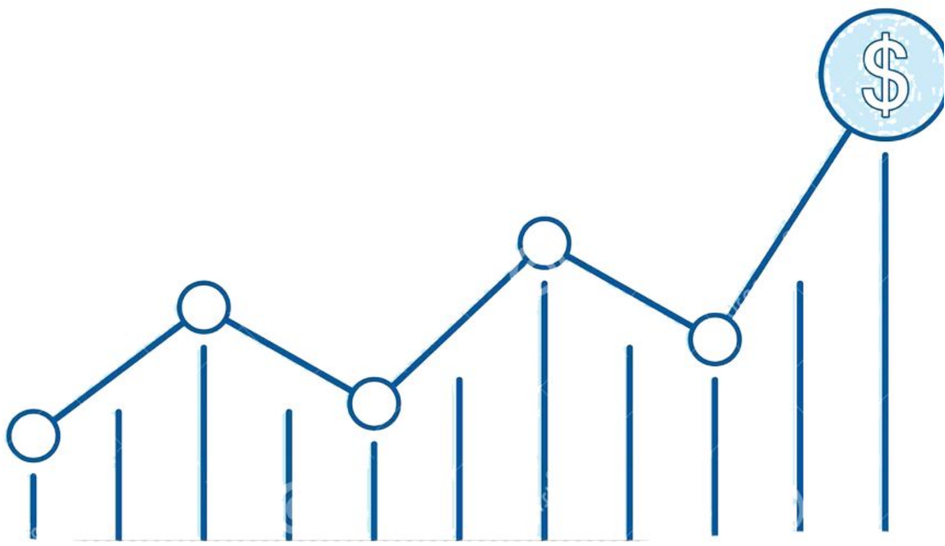


MARKET SIGNALS

Bitcoin Suffer Worst February in a Decade

Bitcoin closed the month of February with a -17.39 percent decline, marking its worst February performance since 2014 and the second-worst in its documented history. Over the past week, BTC saw a peak-to-trough decline of over 18.4 percent, reaching a low of $78,617. The sell-off was driven by significant selling in the spot market, driven mainly by ETF outflows, which peaked at more than $1 billion on February 25th. However, markets saw a sharp reversal on Sunday March 2nd, after President Donald Trump reaffirmed his commitment to establishing a US Crypto Reserve, triggering a rebound of more than 20 percent above the local lows.

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

Historically, during bull market conditions, a typical correction for Bitcoin would be around a 30 percent decline from a cycle high to a local low. However, this pattern shifted after new lows were hit in November 2022, following the collapse of FTX, when BTC bottomed below $16,000. Since then, Bitcoin's pullbacks from local cycle highs or new all-time highs (ATHs) have been more constrained, typically ranging between 18-22 percent. The February 2025 pullback from the January ATH of $109,590 is a 28.3 percent decline, marking one of the most significant since the $16,000 bear market bottom reached in November 2022. The only other similarly large pullback occurred on August 5th 2024, when Bitcoin hit a low of $49,130, exceeding a 30 percent correction as illustrated in Figure 1 above.

The decline seen in the Bitcoin price last month is notably extreme, especially when compared to historical seasonality. Since Bitcoin's trading pairs were listed across exchanges in 2013, the average performance for February has been a positive 13.12 percent. However, the -17.39 percent decline seen in February is the largest February drop since 2014 and the only negative February in a post-halving year (see Figure 2 below). The decline can be largely attributed to a loss of institutional appetite for risk assets, driven by the trade and tariff tensions initiated by the Trump administration, and which have impacted all risk assets. Bitcoin's increasing correlation with the S&P 500 (SPX) has further amplified the decline.

Time	January	February	March	April	May	June	July	August	September	October	November	December
2025	+9.29%	-17.39%	+1.85%									
2024	+0.62%	+43.55%	+16.81%	-14.76%	+11.07%	-6.96%	+2.95%	-8.6%	+7.29%	+10.76%	+37.29%	-2.85%
2023	+39.63%	+0.03%	+22.96%	+2.81%	-6.98%	+11.98%	-4.02%	-11.29%	+3.91%	+28.52%	+8.81%	+12.18%
2022	-16.68%	+12.21%	+5.39%	-17.3%	-15.6%	-37.28%	+16.8%	-13.88%	-3.12%	+5.56%	-16.23%	-3.59%
2021	+14.51%	+36.78%	+29.84%	-1.98%	-35.31%	-5.95%	+18.19%	+13.8%	-7.03%	+39.93%	-7.11%	-18.9%
2020	+29.95%	-8.6%	-24.92%	+34.26%	+9.51%	-3.18%	+24.03%	+2.83%	-7.51%	+27.7%	+42.95%	+46.92%
2019	-8.58%	+11.14%	+7.05%	+34.36%	+52.38%	+26.67%	-6.59%	-4.6%	-13.38%	+10.17%	-17.27%	-5.15%
2018	-25.41%	+0.47%	-32.85%	+33.43%	-18.99%	-14.62%	+20.96%	-9.27%	-5.58%	-3.83%	-36.57%	-5.15%
2017	-0.04%	+23.07%	-9.05%	+32.71%	+52.71%	+10.45%	+17.92%	+65.32%	-7.44%	+47.81%	+53.48%	+38.89%
2016	-14.83%	+20.08%	-5.35%	+7.27%	+18.78%	+27.14%	-7.67%	-7.49%	+6.04%	+14.71%	+5.42%	+30.8%
2015	-33.05%	+18.43%	-4.38%	-3.46%	-3.17%	+15.19%	+8.2%	-18.67%	+2.35%	+33.49%	+19.27%	+13.83%
2014	+10.03%	-31.03%	-17.25%	-1.6%	+39.46%	+2.2%	-9.69%	-17.55%	-19.01%	-12.95%	+12.82%	-15.11%
2013	+44.05%	+61.77%	+172.76%	+50.01%	-8.56%	-29.89%	+9.6%	+30.42%	-1.76%	+60.79%	+449.35%	-34.81%

Figure 2. Bitcoin Monthly Performance Since 2013. (Source: Coinglass)

In addition, the scale of the descent of Bitcoin, compared to 2014, is much more significant given its market capitalisation today. In 2014, Bitcoin's market cap was under $10 billion, in contracts to today's while it is now valued at $1.8 trillion. The scale of the February downturn, reflected in net capital outflows, is on an entirely different level compared to 2014. As such, it is fair to say that February 2025 has marked the worst February in Bitcoin's history.

Figure 3. BTC/USD Daily Chart. (Source: Bitfinex)

We have noted in previous editions of *Bitfinex Alpha,* that daily ranges typically resolve after about 90 days. That phenomenon held true again, with Bitcoin trading to the downside, after the price had been stuck in a $90,000 to $104,000 range for almost 99 days. While the pullback was anticipated, the price quickly rebounded, climbing past $86,500—representing an upward move of more than 10 percent. This recovery is encouraging, but it is crucial to consider the context of the breakdown from a long-standing price range, driven as it was by spot market selling.

As seen in Figure 3 above, the price was stalling around the $85-86,000 even as late as Sunday March 2nd, until the President Trump's announcement committing to a crypto reserve propelled a 12.2 percent move on the day to a high of $95,321. We cover this in detail in the *news section*.

The move is important, not only from a sentiment perspective, but also because it reclaimed previous range lows of $85-86,000, and the price continues to hold above these levels. Trading at around $92,000 as we go to print, the price has already fallen significantly from the high on Sunday March, 2nd thanks to selling in the spot market. We believe this means that any recovery to take the price back above $94,000 might face significant resistance.

ETF Outflows Reach Historic High

Last week, US based Bitcoin ETFs saw the largest cumulative single day outflow since they started trading in January 2024. On February 25th, we saw more than $1.1 billion in reported outflows across all providers. We also had the largest net weekly outflow for a full trading week with more than $2.6 billion leaving Bitcoin ETFs. This comes against the backdrop of a deteriorating macro risk environment, a declining SPX and decreasing appetite for risk assets.

	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%	
11 Feb 2025	23.8	(43.6)	(9.3)	0.0	(9.5)	(11.0)	0.0	0.0	(7.1)	0.0	0.0	(56.7)
12 Feb 2025	(22.1)	(102.0)	(25.9)	(97.0)	(9.7)	0.0	(3.7)	0.0	0.0	(6.9)	16.3	(251.0)
13 Feb 2025	26.2	(94.5)	(15.7)	(52.7)	(4.8)	(8.4)	0.0	(1.0)	0.0	(6.9)	0.0	(157.8)
14 Feb 2025	22.3	94.0	8.0	(13.2)	0.0	0.0	0.0	(4.4)	0.0	(47.0)	6.5	66.2
17 Feb 2025	-	-	-	-	-	-	-	-	-	-	-	0.0
18 Feb 2025	68.4	(16.4)	(112.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(60.7)
19 Feb 2025	0.0	(48.4)	0.0	(8.7)	0.0	0.0	(2.2)	(4.8)	0.0	0.0	0.0	(64.1)
20 Feb 2025	(112.0)	(88.2)	24.1	(98.3)	0.0	0.0	0.0	4.2	0.0	(33.5)	(61.1)	(364.8)
21 Feb 2025	21.6	(12.5)	(16.6)	0.0	0.0	0.0	0.0	4.7	0.0	(60.1)	0.0	(62.9)
24 Feb 2025	(158.6)	(247.0)	(10.3)	(22.6)	(15.0)	0.0	0.0	(7.3)	(12.5)	(59.5)	(6.2)	(539.0)
25 Feb 2025	(164.4)	(344.7)	(88.3)	(126.2)	(62.0)	(74.1)	(100.0)	(10.0)	(17.3)	(66.1)	(85.8)	(1,138.9)
26 Feb 2025	(418.1)	(145.7)	(13.6)	(60.5)	(16.8)	(9.7)	0.0	0.0	(11.5)	(22.7)	(56.0)	(754.6)
27 Feb 2025	(189.0)	(7.3)	17.6	0.0	0.0	(7.2)	(12.8)	(10.6)	(53.8)	(7.3)	(5.5)	(275.9)
28 Feb 2025	(244.6)	176.0	4.6	193.7	0.0	0.0	0.0	(7.7)	0.0	(33.3)	5.6	94.3

Figure 4. US-Based Bitcoin Daily ETF Flows Across Various Providers. (Source: FarsideUK)

As we have discussed in the previous chapter, most of the selling since Bitcoin's retest of the $99,500 region on February 21st has been spot led. (refer Figure 5 below)

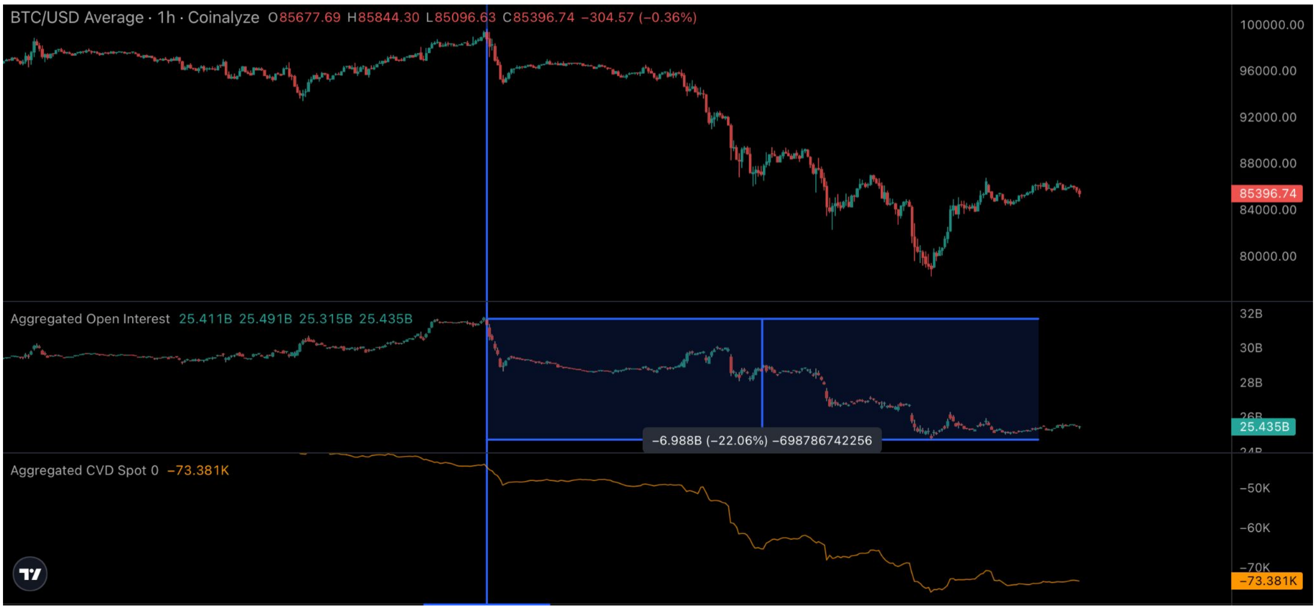


Figure 5. Bitcoin Aggregate Hourly Chart With Spot Cumulative Volume Delta and Open Interest. (Source: Coinalyze)

The cumulative spot volume delta across major exchanges has been dropping since February 21st, reflecting aggressive selling on the spot market. It is notable however that the selling pressure began to ease last Friday, suggesting a slowdown in the amount of spot Bitcoin being sold. Notably, Coinbase, the platform used by US-based ETFs, was responsible for the bulk of the selling pressure during this period.

Simultaneously, global open interest dropped by over 22 percent, falling below $25 billion for Bitcoin perpetual trading pairs across major crypto exchanges. This marks the lowest open interest since November 6th, 2024, when Bitcoin's price was under $75,000. The decline in open interest signals a reduction in leveraged long exposure, suggesting that speculative demand for Bitcoin has weakened in the short term.

Following the crypto reserve announcement, the price is up more than 20 percent off local lows. We see Bitcoin moving towards range highs if it can decisively resist any retest of recent lows. However, the SPX and macroeconomic conditions are likely to dictate further price movements. We believe that there is potential for crypto-specific tailwinds to drive the price higher from current levels until we learn the final details of the US crypto reserve on March 7th at the Crypto Summit at the White House.

GENERAL MACRO UPDATE

January PCE Inflation Report: Persistent Price Pressures and Policy Challenges

The latest data from the Bureau of Economic Analysis' Personal Consumption Expenditures (PCE) index suggests that inflation remains a challenge for the US Federal Reserve, even though consumer spending has shown signs of slowing down. The numbers again show that the Fed needs to walk a tightrope between controlling inflation and fostering economic growth, and it further indicates that any interest rate cut is likely to be postponed until later in the year.

January's PCE inflation data issued last Friday, February 28th, revealed that prices increased by 2.5 percent annually, higher than the Fed's preferred 2 percent target. Month-on-month inflation was up by 0.3 percent, maintaining the same pace as the previous month. Core PCE, which excludes volatile food and energy prices, also rose by 0.3 percent in January and 2.6 percent over the past year. This indicates that while some inflationary pressures have eased, progress towards bringing down inflation has been slow.

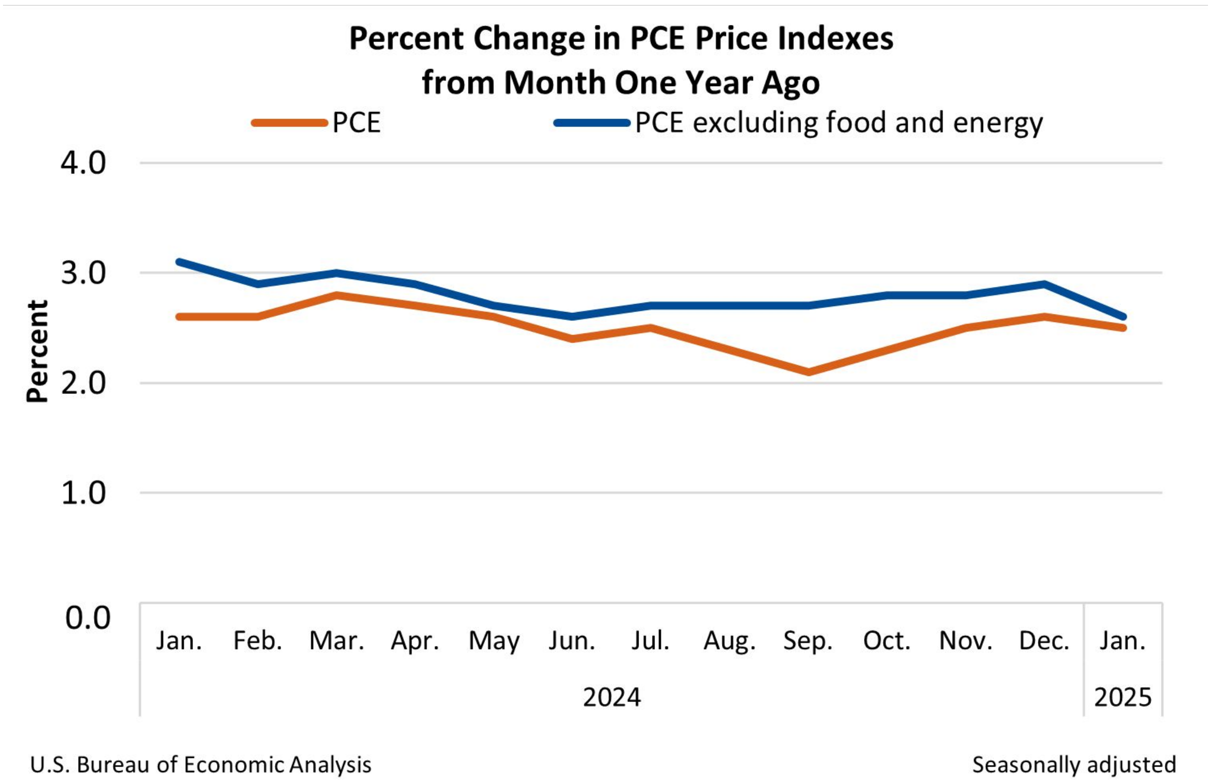


Figure 6. Percent Change in PCE Price Index, Month-over-month Basis (US Bureau of Economic Analysis)

Household spending also experienced a seasonal drop of 0.2 percent in January, reflecting a common post-holiday decline, however income growth remains strong. Personal income rose by 0.9 percent in January from 0.4 percent in December. The persistence of inflation and robust earnings could create difficulties for policymakers as they seek to balance economic expansion with price stability. One of the key contributors to inflation has been rising services costs, which increased by 3.4 percent from the previous year. Elevated prices in services suggest that inflationary pressures are not confined to goods but are also driven by broader economic factors, making it more challenging for the Fed to bring inflation down to its desired level.

Given the current inflation trajectory, the Fed is unlikely to lower interest rates in the near future. The market had previously factored in rate cuts in June and September, but given this recent economic data, that is now complicated. The Fed has emphasised that upcoming economic reports will be crucial in shaping monetary policy.

Another factor influencing inflation is the implementation of new import tariffs. The US government is set to introduce a 25 percent tax on imports from Mexico and Canada, along with increased tariffs on Chinese goods. The extent to which these trade policies will contribute to higher consumer prices and economic growth remains uncertain, but they add another layer of complexity to the Fed's decision-making process.

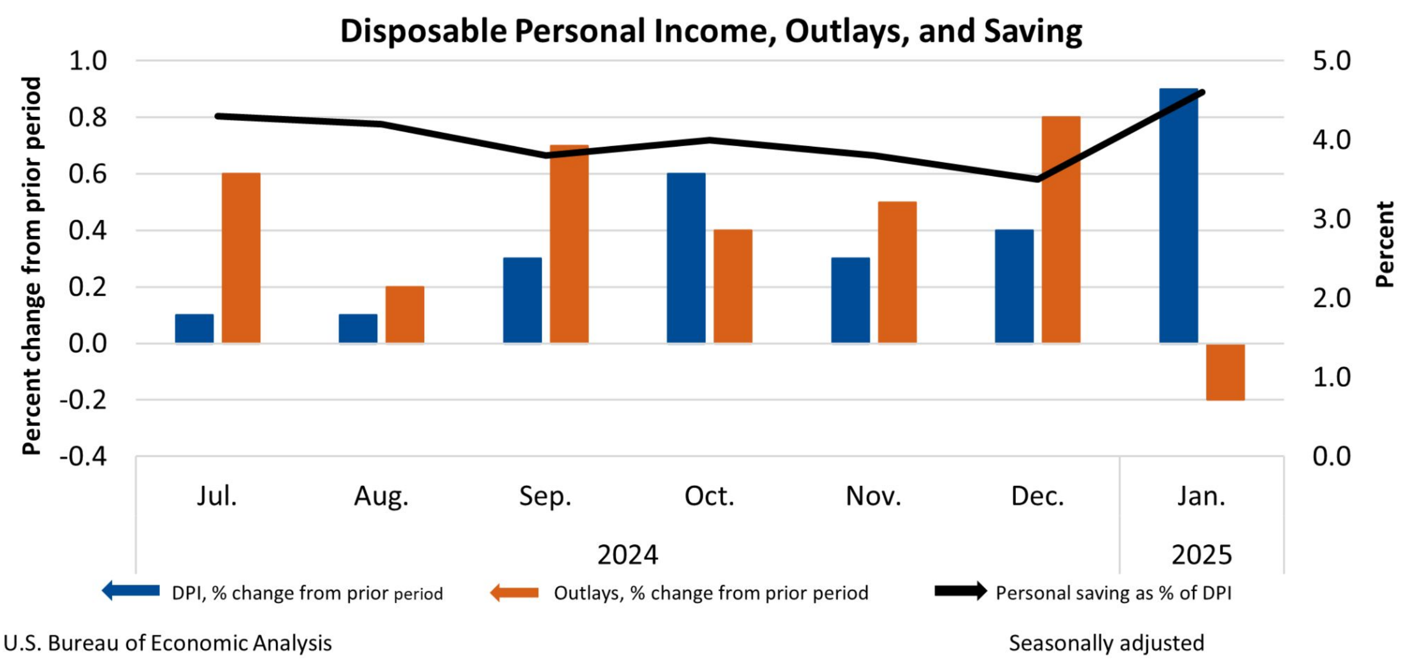


Figure 7. Disposable Personal Income, Outlays and Savings (Source: Bureau of Economic Analysis)

Fed Chair Jerome Powell is expected to provide updated insights on monetary policy this week, coinciding with the release of the February employment report on Friday, March 8th. Labour market data will be crucial in assessing whether inflation remains a persistent concern or if the Fed can consider policy adjustments in the coming months. Despite some progress in controlling inflation, the Fed faces challenges in achieving its 2 percent target. Rising service costs and potential inflationary pressures from new tariffs suggest that policymakers may need to adopt a cautious approach before adjusting interest rates. The next few months will be critical in determining the future direction of monetary policy, with key economic indicators guiding the Fed’s response to ongoing price pressures.

US Consumer Confidence Declines Amid Economic Uncertainty

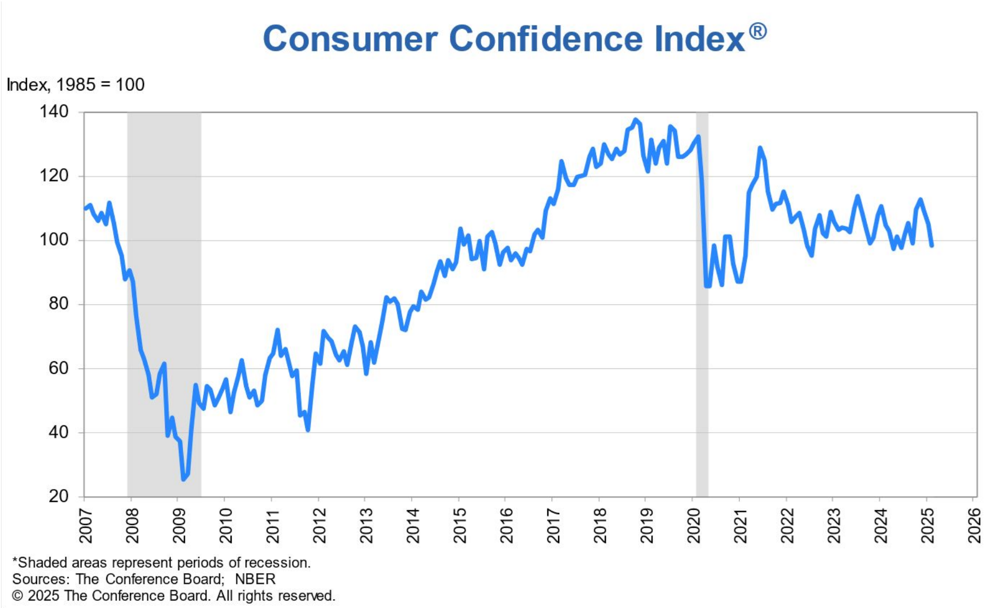


Figure 11. Consumer Confidence Index (Source: US Conference Board)

Consumer confidence in the US experienced a sharp decline in February, marking the steepest drop in three and a half years. This downturn reflects growing concerns among Americans about the potential economic consequences of new government policies, particularly in relation to trade and inflation.

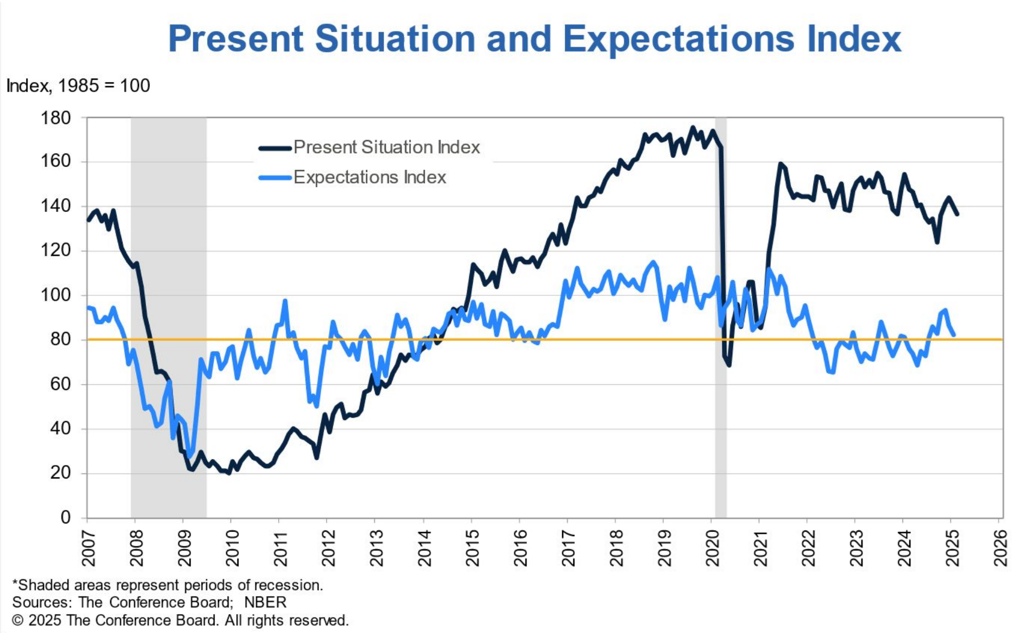


Figure 12. Present Situation and Expectations Index (Source: US Conference Board)

The US Conference Board's Consumer Confidence Index, released Tuesday, February 25th, dropped to 98.3 in February. The Present Situation Index—based on consumers' assessment of current business and labour market conditions—fell to 136.5. The Expectations Index—based on consumers' short-term outlook for income, business, and labour market conditions— dropped to 72.9, putting it below the threshold of 80 for the first time since June 2024. Any score below 80 traditionally signals that consumers are expecting a recession.

Additional data from the Consumer Confidence Survey also highlighted worsening sentiment about the job market. Among consumers surveyed, 16.3 percent of consumers reported that jobs were "hard to get" in February, up from 14.5 percent the previous month. Looking ahead, consumers also expressed growing pessimism about future employment prospects. The percentage of respondents expecting more jobs to be available in the next six months dropped from 19.1 percent in January to 18.4 percent in February.

The Conference Board's latest survey highlighted that a significant portion of responses focused on the current administration's policies. This aligns with other recent surveys that have reported a notable drop in both business and consumer sentiment.

Trade policies, particularly tariffs on imported goods, have been identified as a major concern. The impact of tariff hikes extend beyond just businesses, and is now impacting everyday consumers, as rising costs in essential services, housing, and groceries contribute to inflation expectations. The surge in food prices, including the noticeable increase in egg prices, has further reinforced these concerns.

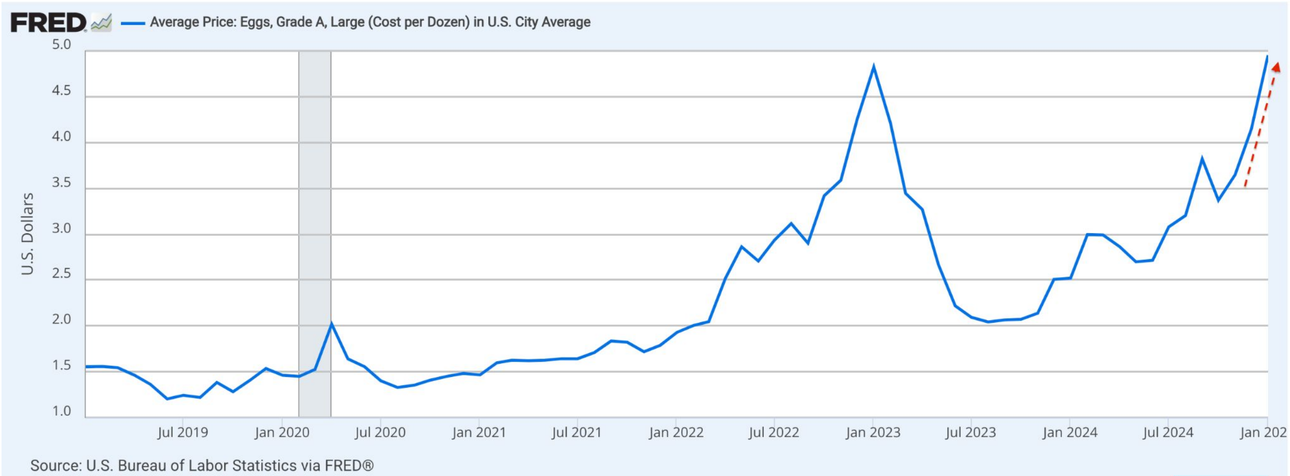


Figure 13. Average Prices of Eggs in the US (Source: Bureau of Labor Statistics)

Another factor influencing consumer confidence is the reduction in federal government employment. A newly established agency, the Department of Government Efficiency (DOGE), led by billionaire Elon Musk, has implemented widespread layoffs, primarily targeting probationary federal workers. Additionally, spending cuts have affected federal contractors, which may slow down the overall flow of money in the economy and could eventually lead to job losses in the private sector.

Although the current situation does not necessarily indicate that there will be a recession, the combination of economic uncertainty, rising inflation, and weakened consumer sentiment suggests that the economy may face a prolonged period of slow growth. The coming months will be crucial in determining how these factors influence broader economic trends and whether consumer confidence can stabilise in the near future.

US Economic Growth Slows in Q4 2024

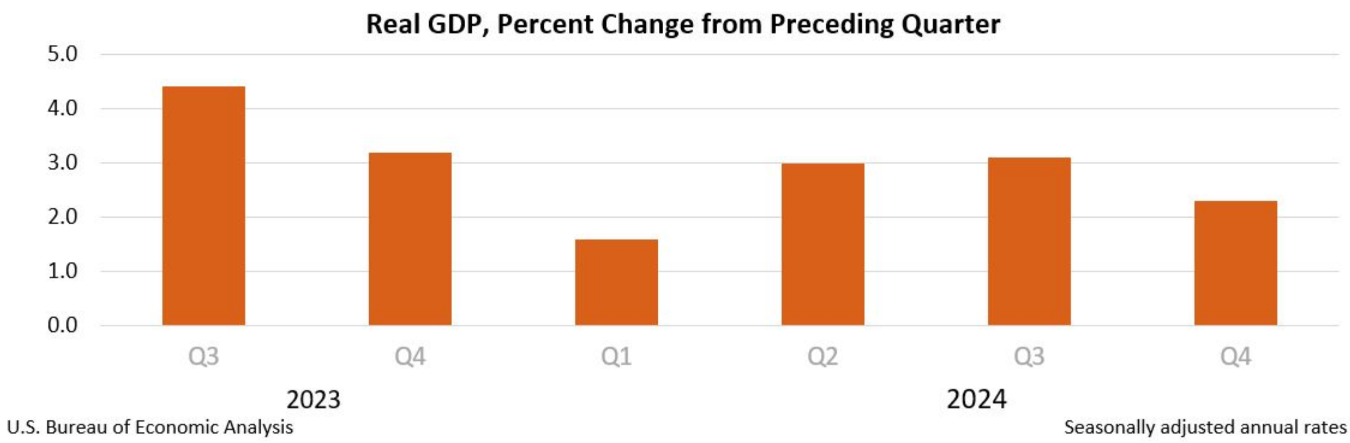


Figure 14. Real GDP, Percent Change from Preceding Quarter

The US economy expanded more slowly in the fourth quarter of 2024, with growth cooling to 2.3 percent from the stronger 3.1 percent rate recorded in the third quarter. The latest estimate from the Bureau of Economic Analysis (BEA) reflects various economic headwinds, including adverse weather conditions and concerns over the impact of tariffs on consumer and business activity. Early indications suggest that these challenges have also carried over into the first quarter of 2025, weighing on retail sales, employment, and overall economic momentum.

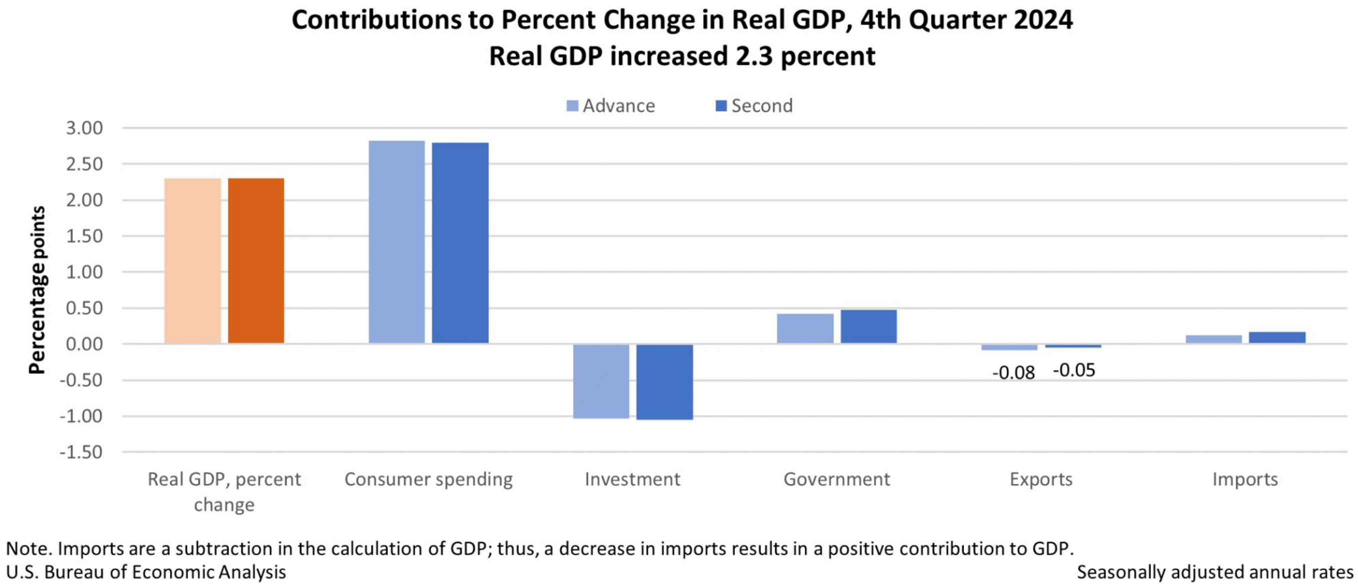


Figure 15. Contributions to Percent Change in Real GDP (Source: Bureau of Economic Analysis)

The latest GDP estimate released last Thursday, February 27th, showed that annualised GDP was up 2.3 percent in Q4 2024, in line with consensus forecasts. While government spending and exports saw a modest increase, these gains were counterbalanced by downward adjustments in consumer spending and business investment. For the full year, the economy expanded by 2.8 percent, slightly lower than the 2.9 percent growth achieved in 2023, yet still above the Fed's estimated non-inflationary growth rate of 1.8 percent.

The start of 2025, however, has been marked by signs of further economic cooling. Harsh winter weather, including widespread snowstorms, contributed to a slowdown in retail activity and the housing market while dampening job growth. Meanwhile, concerns over tariffs imposed by the Trump administration have created uncertainty for businesses and consumers. As tariffs function as a tax on imports, they can drive up the cost of goods, reducing purchasing power and making it more difficult for the Fed to continue lowering interest rates to support economic growth.

At the beginning of the year, there was optimism that a combination of deregulation and tax reductions would stimulate economic expansion. However, progress on these pro-growth measures has been limited. Instead, government spending cuts, particularly those implemented by DOGE, have raised concerns in both the public and private sectors. Job security has become a pressing issue, especially for lower- and middle-income households that have yet to see any meaningful relief in terms of lower consumer prices. Moreover, fears have mounted that tariffs will only exacerbate cost pressures, further straining household budgets.

Trade data has also added to concerns about economic performance in early 2025. The January advanced goods trade report showed a significant widening of the trade deficit, reaching a record $153.3 billion compared to $116.6 billion in December. This surge was largely driven by importers rushing to secure goods before tariffs took effect, leading to an 11.9 percent month-over-month increase in imports. Exports, meanwhile, recorded a modest 2 percent month-over-month increase, recovering slightly from a 3.8 percent drop in December.

Looking ahead, economic growth in the first quarter of 2025 faces multiple challenges. Rising costs, tariff-related disruptions, and sluggish consumer sentiment may continue to weigh on spending and investment. While the economy remains on a growth trajectory, the pace of expansion is likely to be subdued unless policy adjustments or economic conditions provide a new catalyst for stronger momentum.

NEWS FROM THE CRYPTO-SPHERE

MetaMask to Introduce Bitcoin and Solana Support

Figure 16. Metamask to Introduce BTC and SOL Support (Source: https://metamask.io/)

- **MetaMask will integrate Bitcoin in Q3 2025 and Solana in May, allowing users to buy, sell, and interact with DApps without needing additional wallets**
- **A major UI/UX update will introduce "gas-included swaps" in March, enabling token swaps without requiring ETH for gas fees**

MetaMask, one of the most widely used crypto wallets, announced last Thursday, February 27th, that it plans to integrate support for Bitcoin and Solana this year. The move is part of its broader strategy to enhance user experience and provide seamless access to different blockchain networks without requiring third-party wallets or wrapped tokens.

The wallet provider has confirmed that full Bitcoin support is expected to launch in the third quarter of 2025. Meanwhile, Solana integration is set to go live in May, making it the first non-Ethereum Virtual Machine (EVM) blockchain to be incorporated into MetaMask. This will allow users to buy, sell, swap, and interact with decentralised applications (DApps) across the Solana ecosystem without needing an additional wallet. Solana users will also benefit from MetaMask's robust security and functionality while maintaining access to all other supported chains.

Solana has witnessed substantial growth over the past year, driven in part by the popularity of Solana-based memecoins. In January alone, the network processed over 12 billion transactions, highlighting its increasing adoption and transaction volume.

In addition to expanding its blockchain support, MetaMask is also planning a major overhaul of its wallet interface and user experience. One of the key upcoming changes is the introduction of "gas-included swaps," which will enable users to swap tokens without the need to hold ETH for gas fees. This feature is expected to roll out across all transactions starting in March, further simplifying the experience for users.

As the crypto industry evolves, these updates position MetaMask as a more versatile and user-friendly wallet solution for a growing global audience.

SEC Declares Most Memecoins Are Not Securities But Warns of Potential Risks

STATEMENT

Staff Statement on Meme Coins

Division of Corporation Finance

Feb. 27, 2025

As part of an effort to provide greater clarity on the application of the federal securities laws to crypto assets, the Div
Finance is providing its views[1] on "meme coins." A "meme coin" is a type of crypto asset[2] inspired by internet meme
events, or trends for which the promoter seeks to attract an enthusiastic online community to purchase the meme coi
Although individual meme coins may have unique features, meme coins typically share certain characteristics. Meme
purchased for entertainment, social interaction, and cultural purposes, and their value is driven primarily by market de
this regard, meme coins are akin to collectibles. Meme coins also typically have limited or no use or functionality. Give
meme coins, they tend to experience significant market price volatility, and often are accompanied by statements reg
of utility, other than for entertainment or other non-functional purposes.[3]

Figure 17. SEC Declares Most Memecoins Are Not Securities but Warns of Potential Risks

- **The SEC clarified that most memecoins are not classified as securities since they do not generate income or rely on managerial efforts, and hence are not subject to federal securities laws**
- **However, the SEC warned that projects falsely labeling themselves as memecoins to evade regulation or engaging in fraudulent activities could still face legal action**

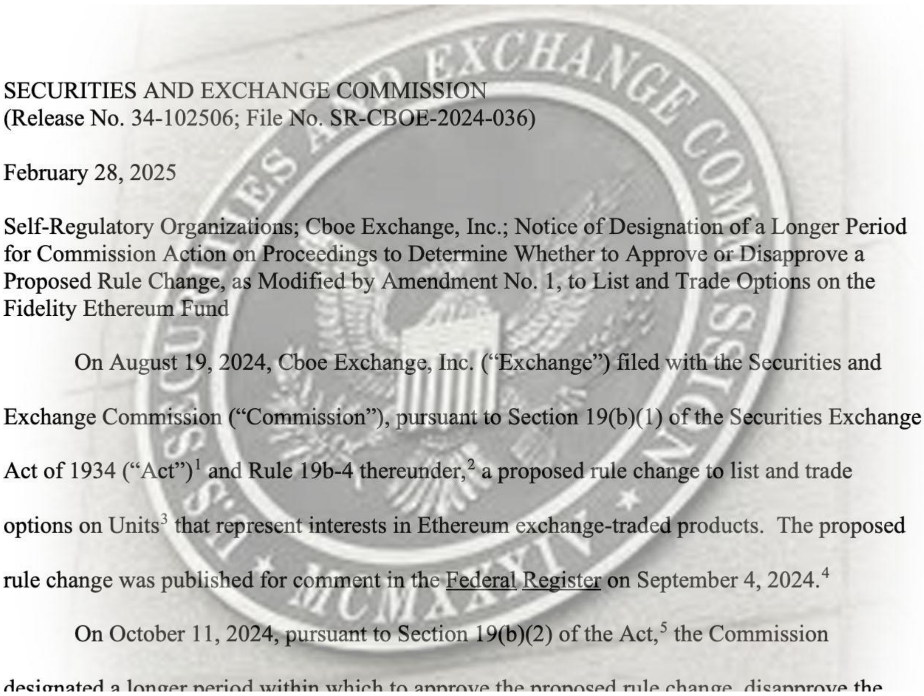
The US Securities and Exchange Commission (SEC) clarified last Thursday, February 27th, that the offer and sale of most memecoins do not fall under federal securities laws. In a statement released by the SEC's Division of Corporation Finance, memecoins were described as lacking the financial characteristics that define a security, such as generating yield or granting holders rights to future income, profits, or business assets.

This means that individuals participating in the trading or issuance of memecoins are not required to register these transactions with the SEC. The agency emphasised that memecoins do not represent an investment in a business venture, nor do they create reasonable expectations of profit derived from the efforts of others—two key factors under the Howey Test, a legal standard established by a 1946 US Supreme Court ruling to determine whether an asset qualifies as a security.

Despite this broad exemption, the SEC warned that some memecoins could still be subject to securities laws if their issuers misrepresent them to evade regulatory scrutiny. If a project falsely claims to be a memecoin while functioning as a security, regulators will assess it based on its actual economic structure. Additionally, fraudulent schemes involving the sale and marketing of memecoins may still face enforcement actions.

The SEC's clarification provides legal clarity for memecoin traders while highlighting the risks of deceptive projects.

SEC Delays Decision on Cboe’s Request to List Options for Ether ETFs



SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-102506; File No. SR-CBOE-2024-036)

February 28, 2025

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, to List and Trade Options on the Fidelity Ethereum Fund

On August 19, 2024, Cboe Exchange, Inc. (“Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)[1] and Rule 19b-4 thereunder,[2] a proposed rule change to list and trade options on Units[3] that represent interests in Ethereum exchange-traded products. The proposed rule change was published for comment in the Federal Register on September 4, 2024.[4]

On October 11, 2024, pursuant to Section 19(b)(2) of the Act,[5] the Commission designated a longer period within which to approve the proposed rule change, disapprove the

Figure 18. SEC Delays Decision on Cboe’s Request to List Options for Ether ETFs

- **The SEC has delayed its decision until May, on whether to permit the Cboe to list options for Ether ETFs**
- **Such approval is seen as a key step for even broader adoption of ETH. Spot Ether ETFs have already attracting $11 billion in net assets since their launch in July 2024**

The US Securities and Exchange Commission (SEC) has once again postponed its decision on whether to allow the Cboe Exchange to list options tied to Ether exchange-traded funds (ETFs). According to a regulatory filing, the agency has extended the deadline until May to determine whether it will approve or reject the proposal.

Cboe initially submitted its request in August 2024 to introduce options trading for Ether ETFs, but the SEC opted to delay its decision. The exchange is specifically seeking approval to list options for the Fidelity Ethereum Fund (FETH), which is among the more widely held Ether ETFs, managing approximately $1.3 billion in net assets, according to data from VettaFi.

This is not the only pending decision regarding ETH ETF options. On February 7, the SEC issued a similar delay to Nasdaq ISE, which had requested approval to list options linked to BlackRock's iShares Ethereum Trust (ETHA). The SEC is expected to rule on Nasdaq ISE's request by April. BlackRock's Ethereum fund is currently the largest ETH ETF, with over $3.7 billion in net assets.

The development of an options market for Ether ETFs is considered a crucial milestone for broader adoption. Since their launch in July 2024, spot Ether ETFs have attracted approximately $11 billion in net assets, highlighting the growing demand for Ethereum-based investment products. The SEC's upcoming decisions on ETF options trading will play a key role in shaping the future of institutional participation in the Ether market.

Trump's Crypto Revolution: National Reserve

Figure 19. President Donald Trump's Post on TruthSocial

- **Trump announces a US Crypto Strategic Reserve, integrating major cryptocurrencies like Bitcoin and Ethereum, alongside an executive order to boost crypto regulation while banning a central bank digital currency (CBDC)**
- **Crypto Czar David Sacks confirms selling all his crypto holdings before taking office, ensuring no conflict of interest, as he prepares for the White House Crypto Summit on March 7**

In a series of posts on Truth Social, President Donald Trump announced on Sunday March, 2nd the establishment of a US "Crypto Strategic Reserve". The initiative aims to position the United States as the "crypto capital of the world" by integrating major cryptocurrencies into the national reserve.

The reserve will include Bitcoin (BTC), Ethereum (ETH), Ripple (XRP), Solana (SOL), and Cardano (ADA). Trump emphasised that BTC and ETH would be central to the reserve, reflecting their foundational roles in the crypto ecosystem. He stated that this move would "elevate this critical industry" after years of regulatory challenges.

Following the announcement, the cryptocurrency market experienced a notable surge. Bitcoin's price jumped over 12 percent, reaching a high of $95,321, while Ethereum saw a similar increase, peaking at $2,556. Other included cryptocurrencies, such as XRP, SOL, and ADA, also witnessed significant gains, with XRP's market capitalisation increasing by $44 billion.

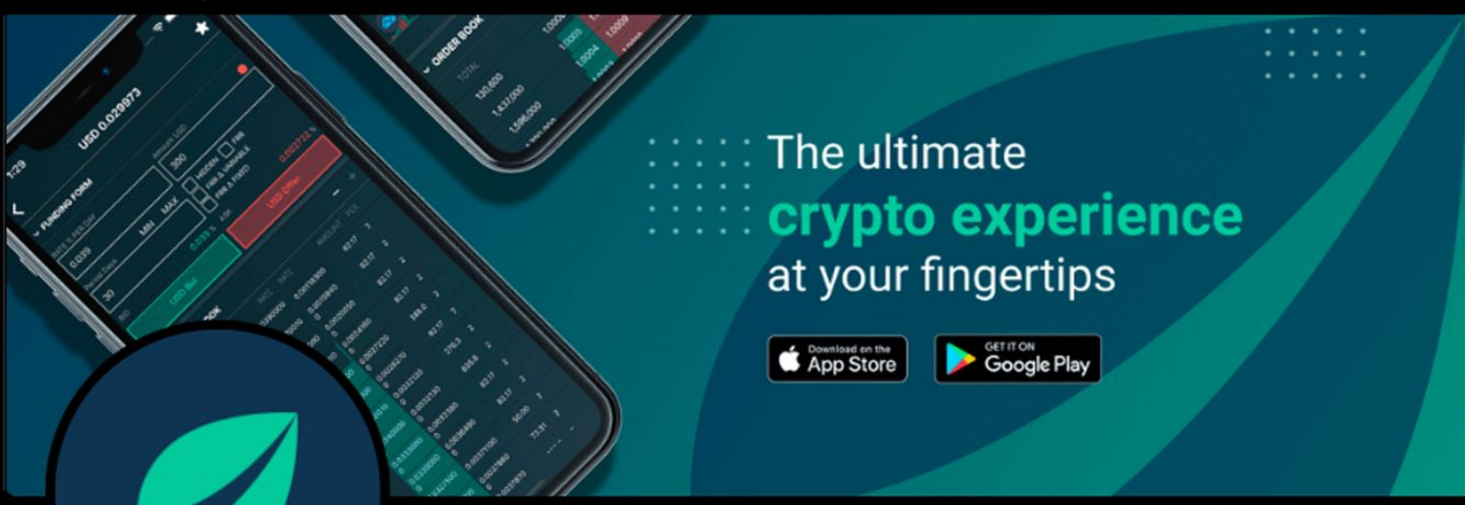
This announcement follows Executive Order 14178, titled "Strengthening American Leadership in Digital Financial Technology," which has been signed by President Trump on January 23, 2025. The order revokes previous directives that were less favorable to digital assets and prohibits the establishment of a central bank digital currency (CBDC). It also mandates the creation of a federal regulatory framework for digital assets within 180 days, aiming to provide clarity and support for the burgeoning crypto industry.

David Sacks, appointed by President Trump as the White House AI and Crypto Czar, has been instrumental in shaping the administration's crypto policy. Sacks underscored the importance of clear regulations to foster innovation and prevent the migration of crypto ventures offshore. He expressed optimism about ushering in a "golden age in digital assets" under the current administration.

Figure 20. David Sacks' Statement on X

In order to avoid any criticisms of a conflict of interest, Sacks publicly confirmed that he divested all his cryptocurrency holdings—including Bitcoin (BTC), Ethereum (ETH), and Solana (SOL)—prior to the commencement of the current administration.

In alignment with these initiatives, the White House is set to host a "crypto roundtable summit" on March 7, 2025. This event will bring together industry leaders, policymakers, and stakeholders to discuss the future of digital assets in the US. The summit aims to address regulatory frameworks, industry challenges, and opportunities to solidify the nation's leadership in the crypto space.



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