

> Institutional investors had been remarkably active on the Bitcoin market in December. **MicroStrategy** (MSTR), announced that it has raised \$650mln worth of convertible bonds to finance [more](#) Bitcoin purchases. Moreover, **Ruffer Investment Company** announced a purchase of 45,000 BTC worth now over 1.2 billion USD which accounts for more than 4% of the firm's assets under management (~\$27bln). The motivation for the purchase of Bitcoin was due to "continuing devaluation of the world's major currencies" and "diversification of the company's (much larger) investments in gold and inflation-linked bonds". Finally, **One River Asset Management**, a new company co-founded by macro investor Alan Howard, disclosed that it had bought more than \$600mln in Bitcoin and Ether. The firm also disclosed it has commitments that will bring its holdings of Bitcoin and Ether to about 1 billion USD as of early 2021.

> The **CME Group** announced that it will launch **Ether futures contracts** on the 8th of February 2021. The new contract will be cash-settled and it is currently pending regulatory review. If successful, Ether futures will be added to the existing offering of Bitcoin CME futures and allow institutional investors to get an exposure to Ethereum. We think that it is a major milestone for Ethereum adoption and another sign of its legitimization. We expect more crypto derivative products to be listed by the CME in the future.

> **Coinbase**, the largest US based exchange with over 35 million users worldwide, has confidentially submitted a draft registration statement with the SEC to make its **IPO**. As the filing is confidential, there is no information available yet as to when Coinbase is going public, how many shares will be available or what listing price the company is targeting. The rumours suggest that Goldman Sachs will be the underwriter and that the Coinbase valuation will be set between \$40bln to \$80bln.

> In our [November monthly](#), we wrote that the **Ethereum 2.0** launch will take place without any delay as the minimum number of required validators had been fulfilled. As a result, on December 1st, we could observe the highly anticipated launch of Ethereum 2.0 which marks the first step towards a switch to a Proof of Stake model. Currently, there is 2.1mln ETH (~\$1.5bln) deposited into the contract which exceeds the minimum

threshold by 400%. With the current deposit amount, the predicted yearly yield is close to 12%.

> **Total value locked (TVL)** for a whole [Decentralized Finance \(DeFi\)](#) space has reached an all time high of 14 billion USD earlier this month. Since the beginning of 2020, the TVL has seen a growth of more than 2000%. This indicates rapid development and increased product market fit by DeFi as a whole with the trend expected to continue in 2021.

> In our previous monthly newsletter, we mentioned that **DBS Bank of Singapore** is expected to start its own digital assets exchange for institutional investors. In December, DBS announced that it is going live with the exchange. They will facilitate spot exchanges from fiat to crypto as well as tokenization of securities and bank-grade custody for digital assets.

> **Standard Chartered Bank** and **UnionBank of the Philippines** said in a common statement that they have completed a proof-of-concept issuance of a 9 billion Philippines peso (US\$187 million) tokenized bond on a blockchain-backed platform. The project aims to provide investors with a platform to gain direct access to bonds.

> [One of our predictions for 2021](#) is already taking place to some extent in 2020. We believe that commercial banks will enter the crypto space by offering the crypto custody services and will compete with centralized exchanges. In fact, **ING, ABN AMRO, BNP Paribas, Citibank, UBS** and others, conducted a second pilot for Pyctor which is a digital assets post-trade market infrastructure for global custodians and institutional issuers that was included in this year's cohort of FCA's regulatory sandbox in the UK. The second pilot involved a token issuance and management operating model. In this case, a smart contract involved in the token issuance on the Ethereum blockchain was operated from Pyctor private network. The transaction was processed on Ethereum, indicating increased enterprise adoption.

> **Fidelity Digital** confirmed in December that it will start to accept Bitcoin as a collateral for cash loans. The firm's decision will help bitcoin investors to turn their digital holdings into cash without selling. Fidelity's targeted clients include hedge funds, crypto miners, and over-the-counter trading desks.