

Web3 Biweekly

31 March 2023 | AMTD Research



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Binance and CZ sued by CFTC: US wages war against crypto

This past week has not been short of regulatory action from US regulatory agencies, though it is now clear that US regulators are now targeting the largest player in the industry with the **Commodity Futures Trading Commission's suit against Binance and its CEO Changpeng "CZ" Zhao**, as well as former Chief Compliance Officer Samuel Lim.

- The lawsuit allege that **Binance and CZ operated with willful evasion of federal law** and **operated an illegal digital asset derivatives exchange**.
- The CFTC said that Binance, in offering derivatives services to US persons, violated US laws. In addition, CZ and Lim, among the firm's senior managers, **failed to properly supervise Binance's activities** and **worked actively to violate US laws**.
- The CFTC also said that **Binance failed to have an effective AML and KYC program** in place. It said that the company had not filed a single suspicious activity report in the US as of May 2022.
- In a response, CZ said it was **"unexpected and disappointing,"** despite them "working cooperatively with the CFTC" for over two years.



Other regulatory news in the past week include:

- **Coinbase** – the SEC apparently issued Coinbase a Wells Notice – a formal declaration that the SEC intends to sue regarding Coinbase's spot market as well as Earn, Prime, and Wallet products.
- **Justin Sun** – the SEC charged the Tron founder with fraud and market manipulation. The SEC said Sun sold TRX and BTT tokens, which were unregistered crypto asset securities, and that it artificially manipulated TRX's volume. It also sued Lindsay Lohan, among 6 other celebrities, for their roles in promoting TRX and BTT.
- **Do Kwon** – following Do Kwon's arrest in Montenegro, the US Justice Department charged the creator of failed stablecoin TerraUSD with eight criminal counts of fraud.

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DeFi — Arbitrum TVL outperforms after token airdrop, DeFi TVL recovers post-USDC depeg



NFT & Metaverse — NFT floor prices retrace heavily amid volatile crypto prices



Policy and Regulatory — Do Kwon arrested in Montenegro, SBF charged with bribing foreign gov't official



Notable Tweets

Market Performance

Summary

1. Prices

- **One-Year Price Recap**
- **Layer 1 Price Recap** (16 March – 29 March 2023)
 - XRP surges ahead of possible verdict from the SEC v Ripple case
 - BNB underperformed amid CFTC's lawsuit against Binance and CEO CZ
- **Protocol Price Recap** (16 March – 29 March 2023)
 - DYDX outperformed as it announces the launch of its private testnet on Cosmos, a move that will see it leave Ethereum, citing its lack of scalability.

2. Valuation

- Market Cap to Active Addresses – ETH's price rally driven more by multiple expansion than network usage

3. Exchange Flows

- Bitcoin - net flow remains positive as Bitcoin price dominance increases
- Ethereum - continuing inverse trend with Bitcoin with deepening outflows

One-Year Layer-1 Price Recap

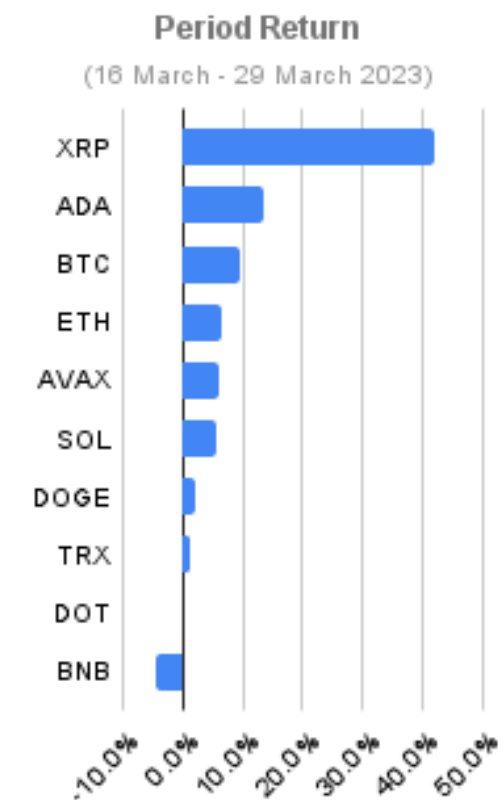
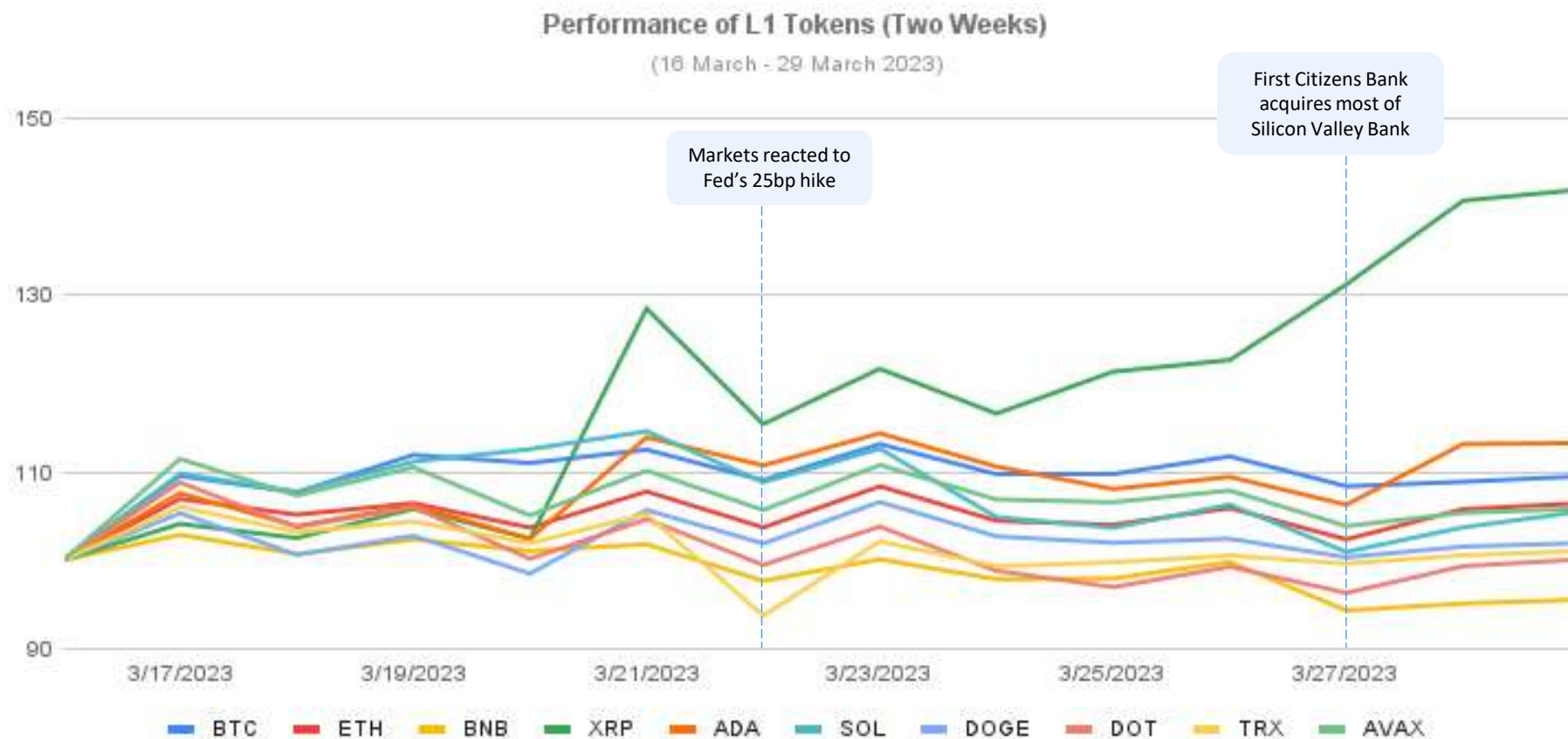
Performance of Top-Ranking Crypto (One Year)

(29 March 2022 = 100)



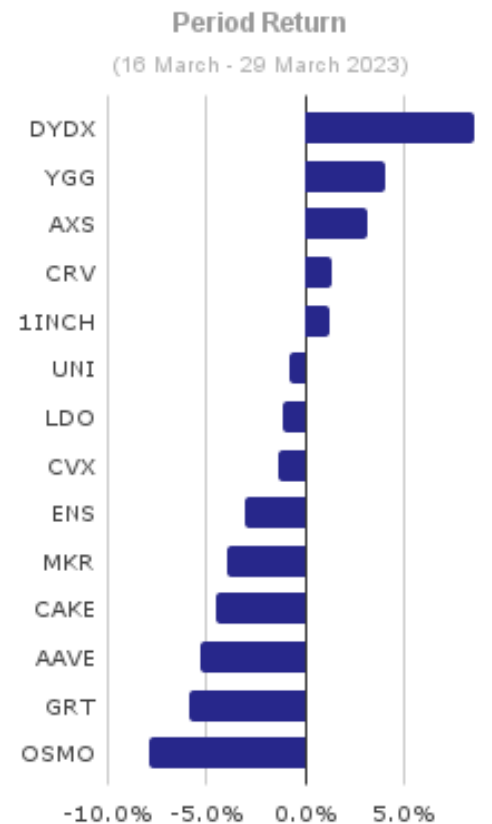
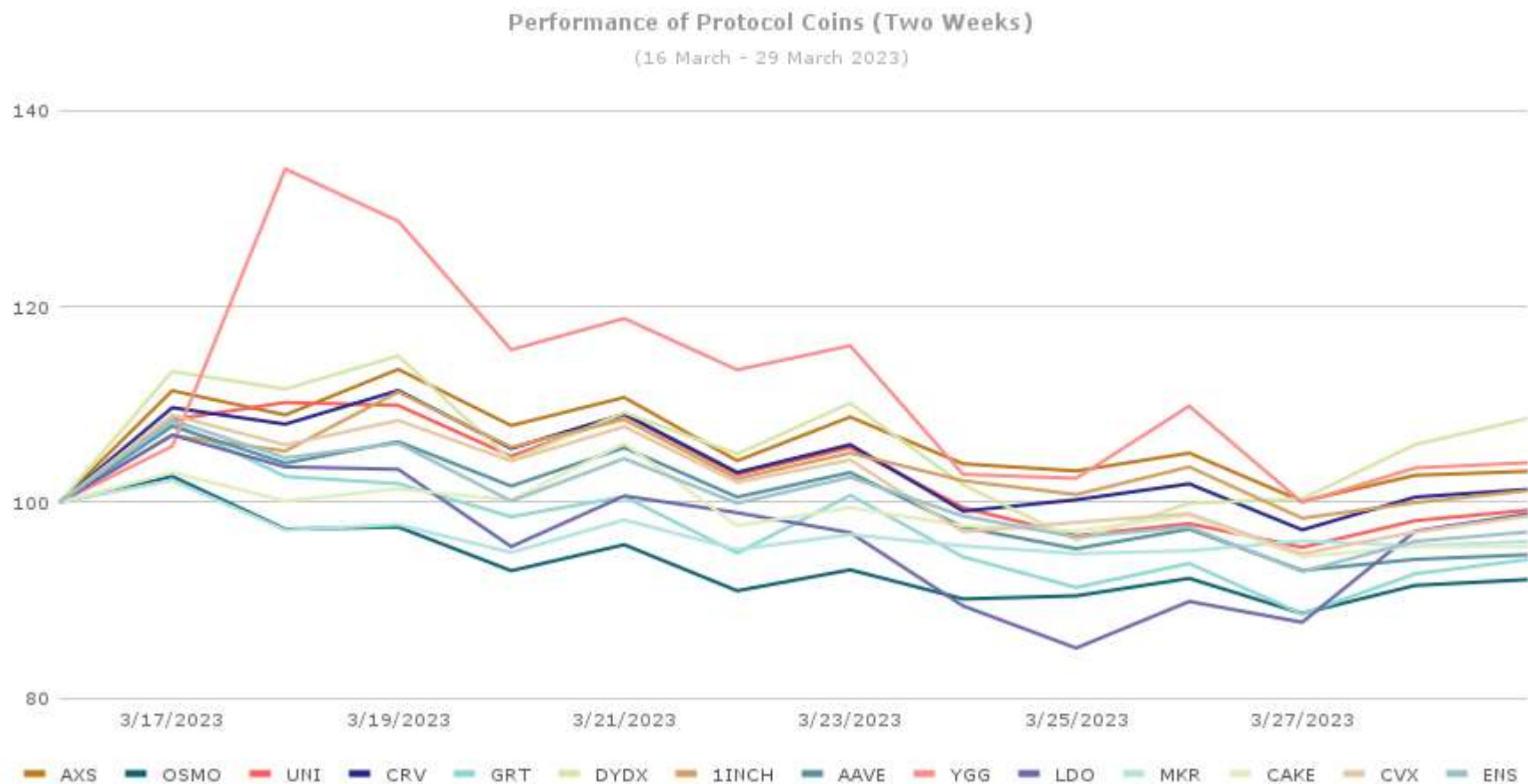
Layer-1 Price Recap (16 March – 29 March 2023)

- **XRP** surges ahead of possible verdict from the SEC v Ripple case
- **BNB** underperformed amid CFTC's lawsuit against Binance and CEO CZ

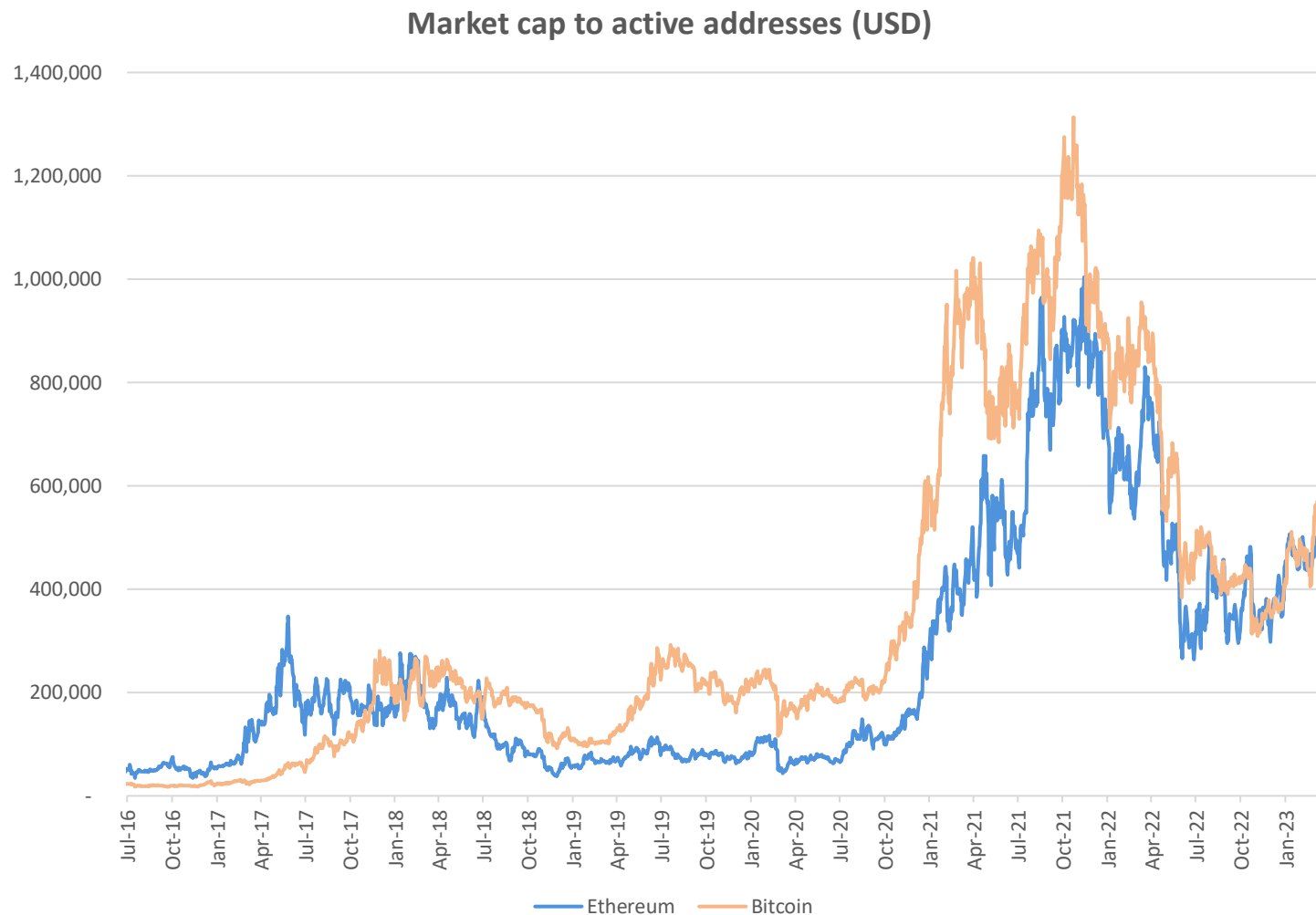


Protocol Price Recap (16 March – 29 March 2023)

- DYDX outperformed as it announces the launch of its private testnet on Cosmos, a move that will see it leave Ethereum, citing its lack of scalability.



Valuation – BTC and ETH Market Cap to Active Addresses

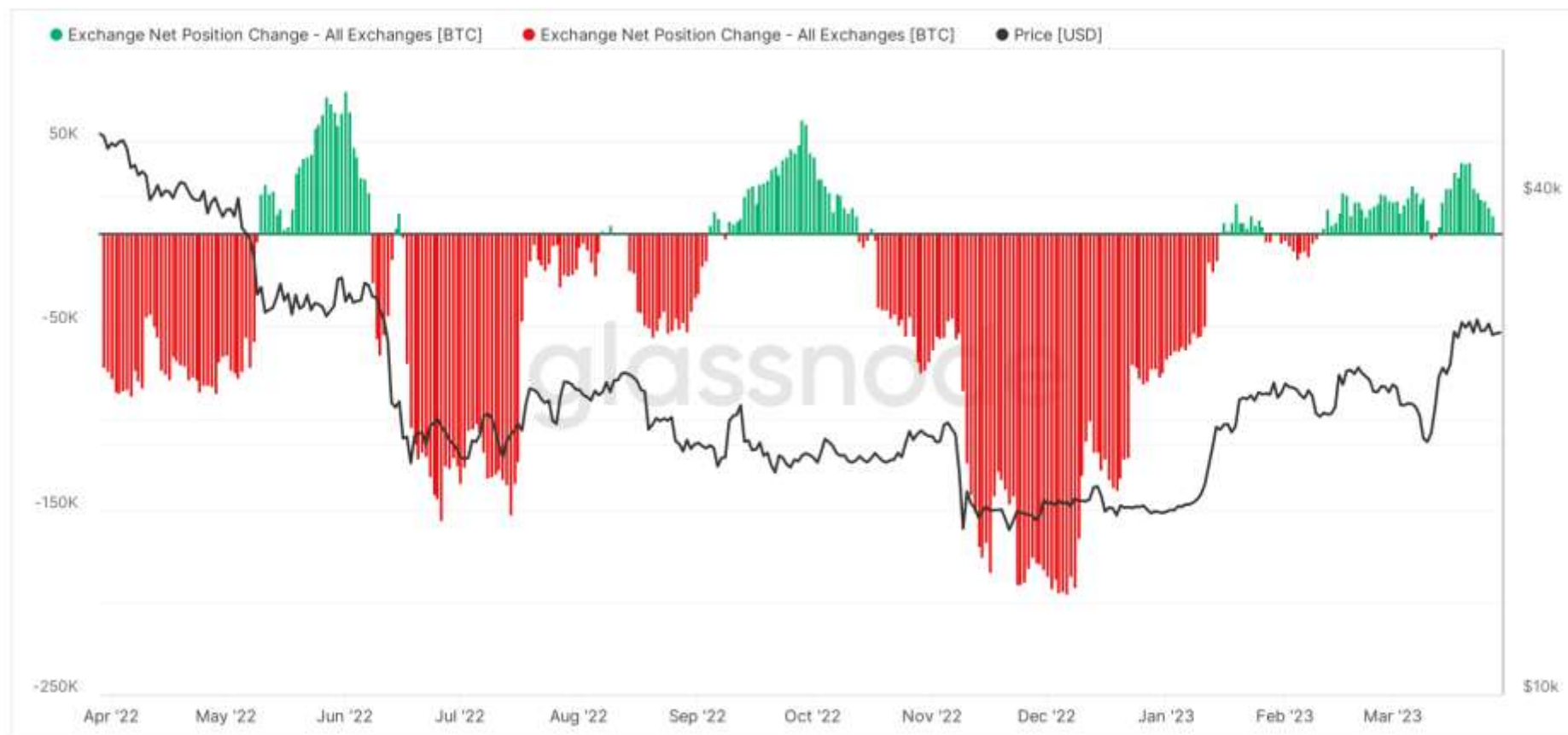


	BTC	ETH
Valuation Multiple		
2017-2018 Run	2.2x	7.1x
2020-2022 Run	5.6x	13.4x
Network Usage		
2017-2018 Run	1.3x	7.0x
2020-2022 Run	1.5x	2.8x

- Ethereum's price rally (30x+) in the 2020-2022 cycle was driven more by valuation multiple expansion (13x) than network activity increase (3x).
- Amid the recent price rally, BTC's market cap to active address crept up and exceeded ETH's due to Bitcoin dominance surging in a volatile macro environment.

Bitcoin – net flow remains positive as Bitcoin price dominance increases

Bitcoin: Exchange Net Position Change [BTC] - All Exchanges

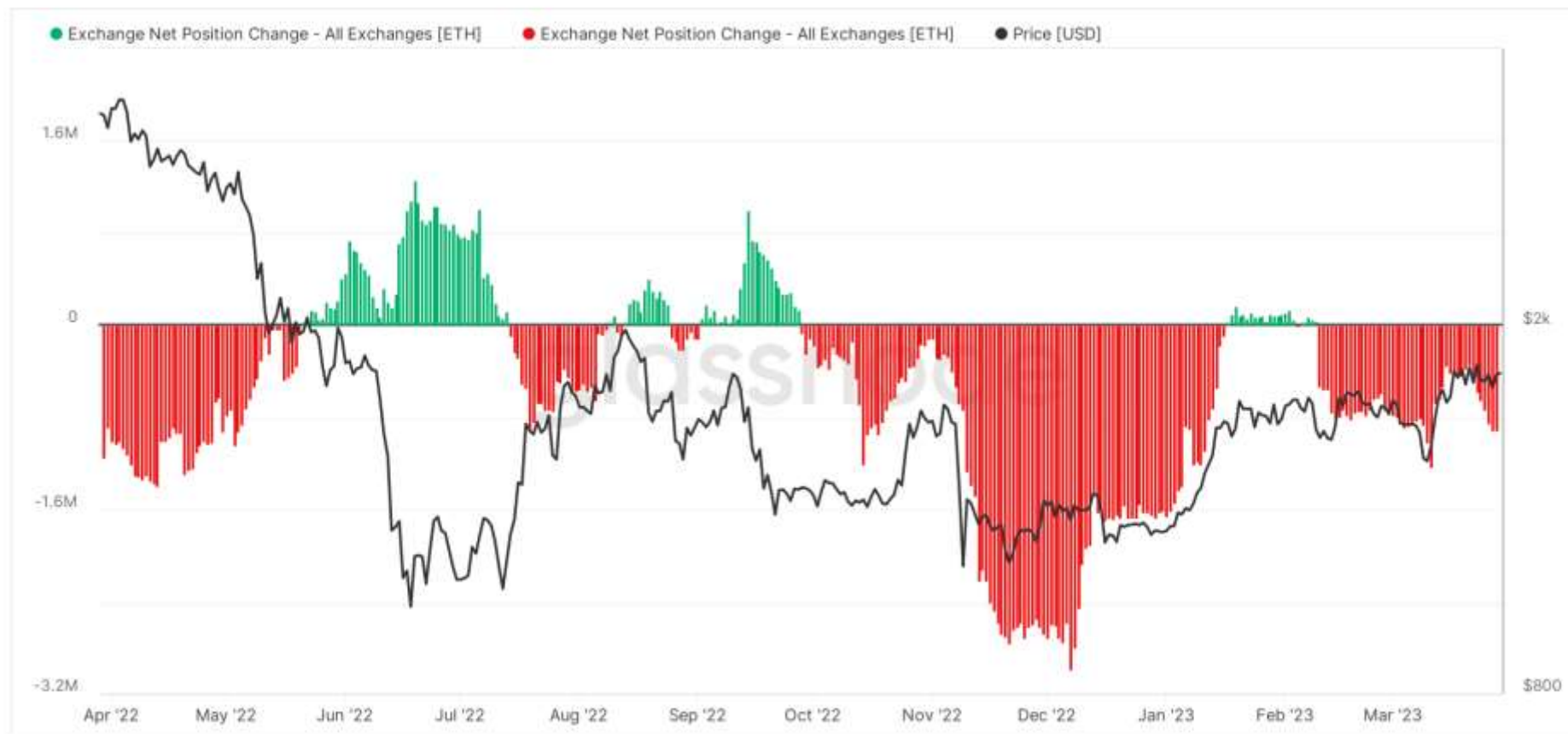


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Ethereum – continuing inverse trend with Bitcoin with deepening outflows

Ethereum: Exchange Net Position Change [ETH] - All Exchanges



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Blockchains & CeFi

Blockchains & CeFi Summary (16 March – 29 March 2023)

1. **Bitcoin (2W: 9.5%)/(YTD: 65.1%)**

Dominance edges up to nine-month high

2. **Ethereum (2W: 6.4%)/(YTD: 48.7%)**

One step away from staked withdrawals

3. **Binance at a glance**

4. **Layer 2**

Highlights

Arbitrum's highly anticipated token airdrop

ZkSync's "Era" public mainnet launches

Polygon launches zkEVM Mainnet Beta

5. **News and Headlines**

Bitcoin – dominance edges up to nine-month high



- Bitcoin dominance – its market value relative to the total crypto market – reached a **nine-month high of 47.8%**.
- The surge comes as crypto markets faces the impact of the collapse of Silvergate and Signature bank, as well as banking stress in the wider economy.
- Bitcoin dominance historically risen during periods of high-stress, since Bitcoin is considered the safe-haven and relatively less volatile than speculative altcoins.

Ethereum – One step away from staked withdrawals

- Ethereum is one final step away from staked ETH withdrawals after the successful upgrade of the Goerli testnet, which facilitated a comprehensive rehearsal of the Shanghai upgrade.
- A brief delay was caused by validators running older client versions but was quickly fixed.
- “Mainnet comes next!” said one Ethereum Foundation developer. The Shanghai upgrade is confirmed to happen on April 12, unlocking 17.8 million staked ETH (or US\$32.2 billion) for withdrawal, subject to a withdrawal queue.
- However, withdrawals for different protocols may vary, despite mainnet launch. Lido, the largest liquid staking service provider, said an upgrade is slated for mid-May as the protocol is undergoing 7 audits and tests. The slight delay acts as a safety margin for the protocol.
- Meanwhile, Coinbase said that withdrawals will be available 24 hours after the upgrade.



parithosh | 🐼👉👈🐼
@parithosh_j

Goerli has successfully upgraded to Shapella! 🦉

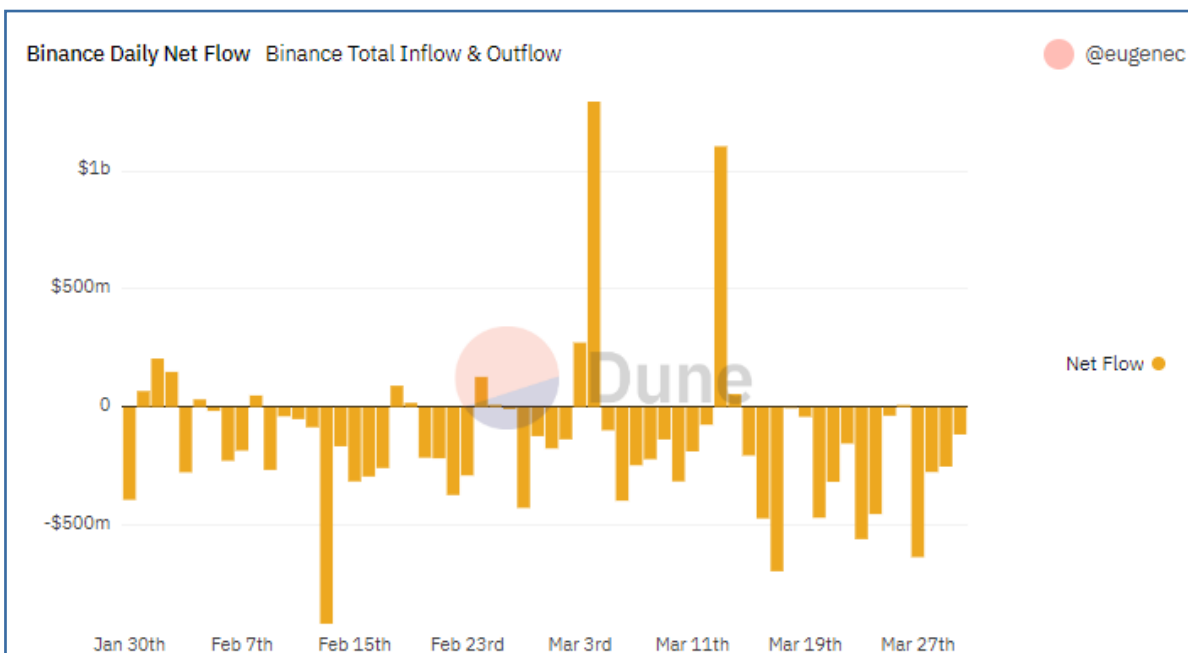
We had some validators running older versions of clients, once that was fixed the attestation rate went back up and we are currently finalizing!

#GoerliShapella

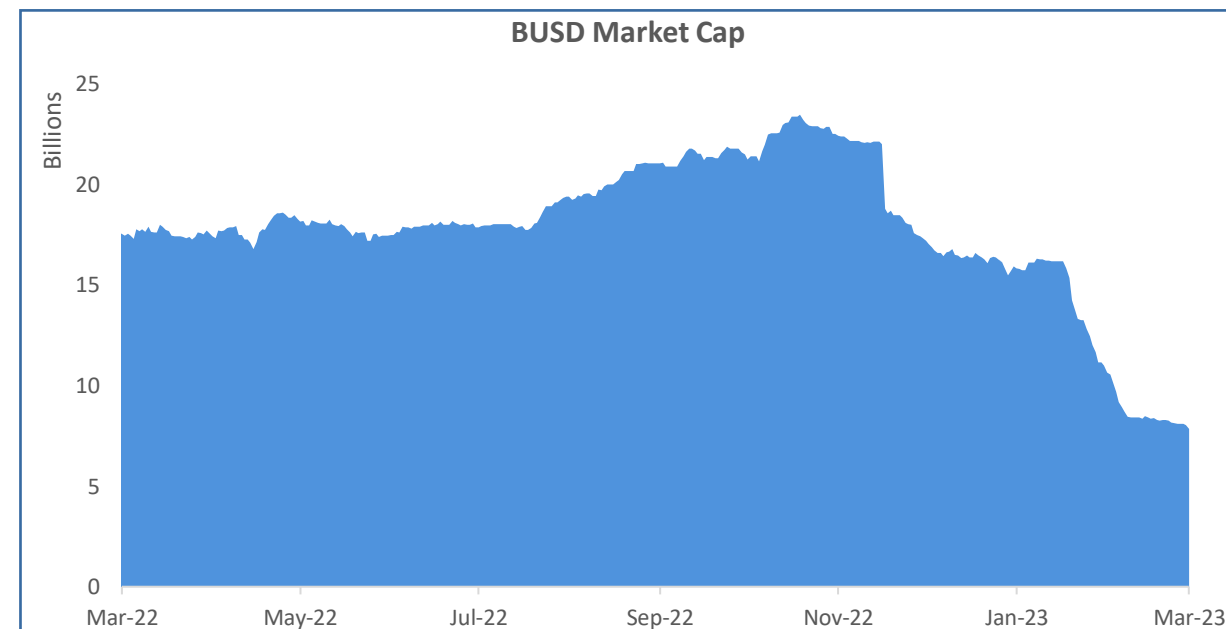
Mainnet comes next!

8:10 AM · Mar 15, 2023 · 33K Views

Binance at a glance



- Daily net outflows have considerably increased ever since USDC's depeg despite not directly related, suggesting relatively more risk-averse users possibly moving out of Binance or out of crypto.
- According to DefiLlama, **net outflows neared US\$700mn** (vs US\$74bn assets) in the 24 hours since lawsuit announcement.



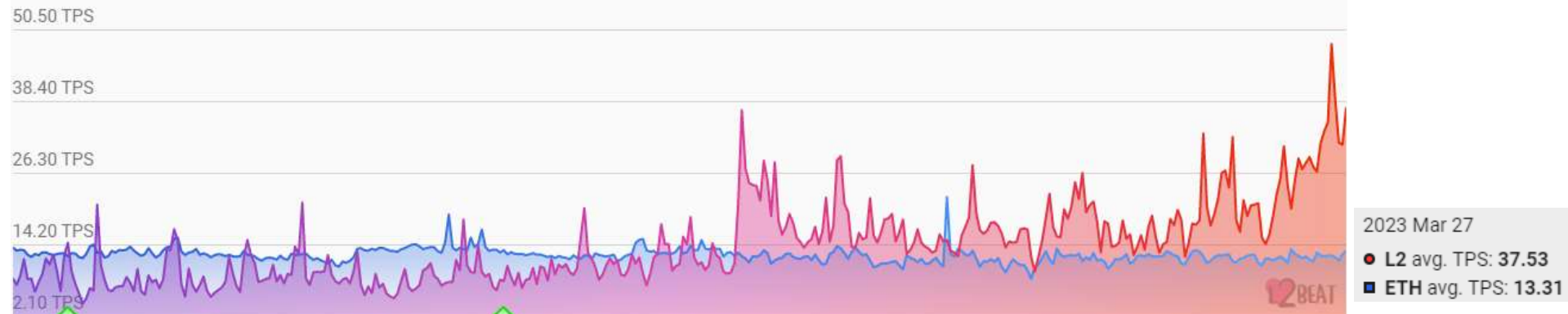
- BUSD market cap continues to decline; it has now fallen below US\$8bn, a level not reached since May 2021. It is now down over 51% since mid-February's US\$16.2bn.
- Binance announced that it would move away from using BUSD as the main trading pair as a result of NYDFS order for issuer Paxos to stop minting new tokens.

Layer 2 Highlight

L2 Activity (TPS)

2022 Mar 28 – 2023 Mar 27

30D 90D 180D **1Y** MAX



L2 TVL (USD)

2022 Mar 30 – 2023 Mar 29

7D 30D 90D 180D **1Y** MAX



Layer 2 – Arbitrum's highly anticipated token airdrop

- Arbitrum launched its highly anticipated ARB governance token, airdropping 12.75% of its supply, including 1.16 billion tokens to Arbitrum users and 113 million to Arbitrum ecosystem DAOs.
- Over 625k wallets were eligible to receive the airdrop, based on a wallet's organic activity on the Arbitrum network, such as transactions, usage, and providing liquidity.
- Arbitrum's website and blockchain scanner went down amid huge traffic from users trying to claim the airdrop, leading to volatile prices and volume on CEXs as users struggled to move to sell.
- Arbitrum is the largest layer-2 network by far, with a TVL of US\$6.1b, following by Optimism at US\$2.0b.
- With the airdrop complete, Arbitrum is becoming a self-executing DAO which will allow community members to help make key governance decisions for the long-term future of the layer2- network.

ARB 5D chart



13% of airdrop still unclaimed,
13.6% of addresses still unclaimed.
(As of 28 Mar 2023)

Layer 2 – ZkSync’s “Era” public mainnet launches



- ZkSync Era claimed the spot as the first zkEVM (zero-knowledge Ethereum Virtual Machine) on mainnet as it opened its doors to the public after a month of developer testing.
- Matter Labs, the team behind zkSync, launched Era to the public just ahead of Polygon’s planned launch of its own zkEVM a few days later. This means the competitive race for zkEVM has ended.
- Zk-rollups work by bundling transactions together on the Layer 2 before being finalized on Ethereum, and uses cryptographic validations to ensure transaction data is legitimate (vs optimistic rollups used by Arbitrum and Optimism where transaction data is assumed legit).
- Previously, zk-rollups had poor EVM compatibility. Being EVM-compatible means that application code on Ethereum mainnet should work on zkSync Era without any changes.
- A key differentiator for zkSync Era is native account abstraction (ERC-4337 on Ethereum), making it more user friendly when transacting on the network.

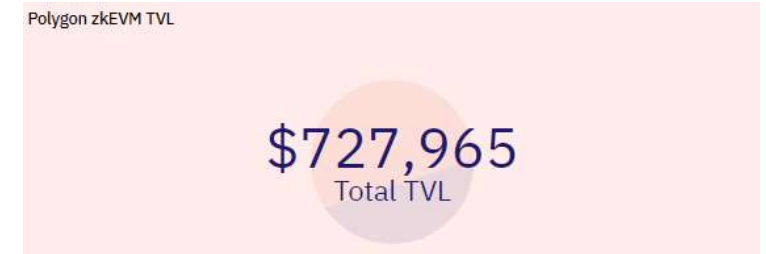


~US\$40mn TVL. For comparison, Optimism US\$1.9bn, Arbitrum US\$5.6bn

Layer 2 – Polygon launches zkEVM Mainnet Beta



- Following the launch of zkSync Era, Polygon Labs launched the Polygon zkEVM on Mainnet Beta.
- Like zkSync Era, Polygon zkEVM uses cryptographic proofs to validate the batched transactions on Layer 2 that are posted to Ethereum mainnet.
- The advent of zkEVM rollups are strong challengers to optimistic rollups and may even make optimistic rollups obsolete, according to Polygon co-founder Sandeep Nailwal. This is because in optimistic rollups, Ethereum assumes the computations are correct while network participants can verify the information – and thus a reason why optimistic rollups have a 7-day withdrawal period.
- Vitalik performed the symbolic first transaction on the Polygon zkEVM during ETHGlobal.



~US\$700k TVL vs zkSync Era ~US\$40mn TVL

News & Headlines

Coinbase to Launch Offshore Platform

US-based crypto exchange Coinbase is reportedly exploring launching an offshore trading platform, which would offer derivatives, according to reports. The move is intended to capture some market share that is traditionally dominated by rival Binance, and comes at a time where the US CFTC recently sued Binance for operating an illegal exchange in the US. Coinbase said its international expansion drive will focus on “high-bar regulatory jurisdictions.” [\[The Block\]](#)

Fidelity Enters Crypto with New Research Team

Asset management firm Fidelity is preparing further branch into crypto by hiring for a newly-created role for its crypto and token research development team. The team will join its existing quantitative research and investments technology team. Fidelity has set up an institutional trading and execution services team for crypto since 2018. [\[The Block\]](#)

Gemini Planning Offshore Derivatives Platform

Gemini is reportedly looking to launch an international crypto derivatives exchange, seemingly following the news to US rival Coinbase. The platform would specifically offer perpetual futures that is banned for retail trading in the US. [\[CoinDesk\]](#)

MetaMask Institutional Starts Staking Marketplace

Developer ConsenSys said that its MetaMask Institutional wallet has a new marketplace for companies and investment firms to choose staking services, including ConsenSys Staking, Allnodes, Blockdaemon, and Kiln. The team has been mindful in user experience and comes just weeks before Ethereum’s Shanghai upgrade that will enable staked ETH withdrawals. [\[CoinDesk\]](#)

State Street Cuts Ties with Custody Firm Copper

Global custody bank State Street and crypto custody firm Copper have mutually ended its working relationship. In a statement, State Street noted that the requirements for servicing crypto has evolved alongside regulatory requirements, while it will continue to work on “multi-faceted solutions for” crypto. Meanwhile, Copper earlier announced that it would be closing down its enterprise infrastructure business. [\[CoinDesk\]](#)

Kraken Partners with William Racing

Crypto exchange Kraken announced that it is becoming Formula 1 racing team Williams Racing’s first ever crypto and web3 partner. Kraken said that it plans to display selected Kraken NFTs, in addition to other content, pop-ups, and co-branded merchandise. Formula 1 is no stranger to crypto sponsors, with Crypto.com as the global Formula 1 partner, Bybit as Red Bull Racing’s sponsor, McLaren has Tezos and OKX, and FTX used to sponsor Mercedes-AMG. [\[The Block\]](#)

Stablecoins

Stablecoins Summary

1. **Centralized Stablecoins**

Native USDC to launch on Cosmos ecosystem
USDT payments launch on Telegram

2. **Decentralized Stablecoins**

MakerDAO to increase exposure to US Treasuries

Centralized Stablecoin Updates

Centralized stablecoin refers to fiat-backed stablecoins across all chains tracked by DefiLlama

In the past two weeks:

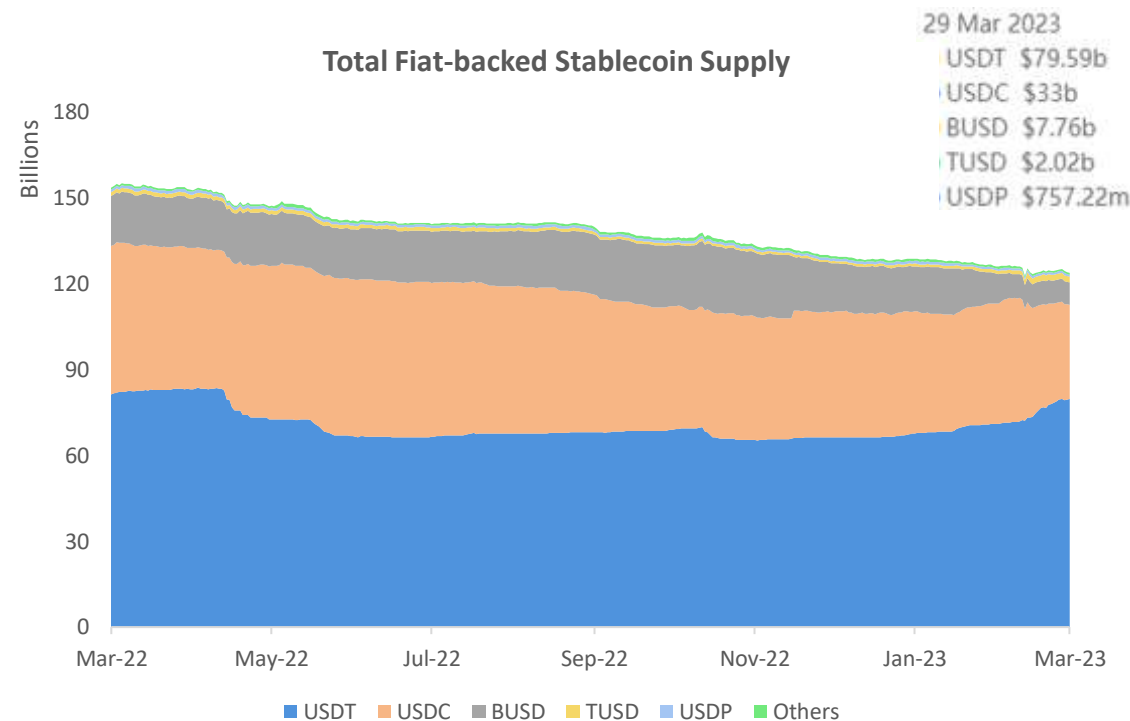
- Total stablecoin supply was relatively unchanged at US\$132.4bn (-0.5%) and centralized stablecoin supply unchanged at US\$123.8bn.
- USDC supply continued to decline after its depeg, falling 11.5% to US\$33bn, while USDT increased 6.6% to US\$80bn. BUSD continued its steady decline to US\$7.8bn, a 7.5% drop.

Native USDC to launch on Cosmos ecosystem

- Native USDC is expected to launch on the Noble network, one of over 5 networks in the Cosmos IBC ecosystem. This means that USDC will be made available in the Cosmos ecosystem as networks are connected through the Inter-Blockchain Communication Protocol (IBC).
- USDC will be the first native fiat-backed stablecoin that is highly liquid and collateralized on the Cosmos ecosystem, solving many bridging issues that plague the network currently.

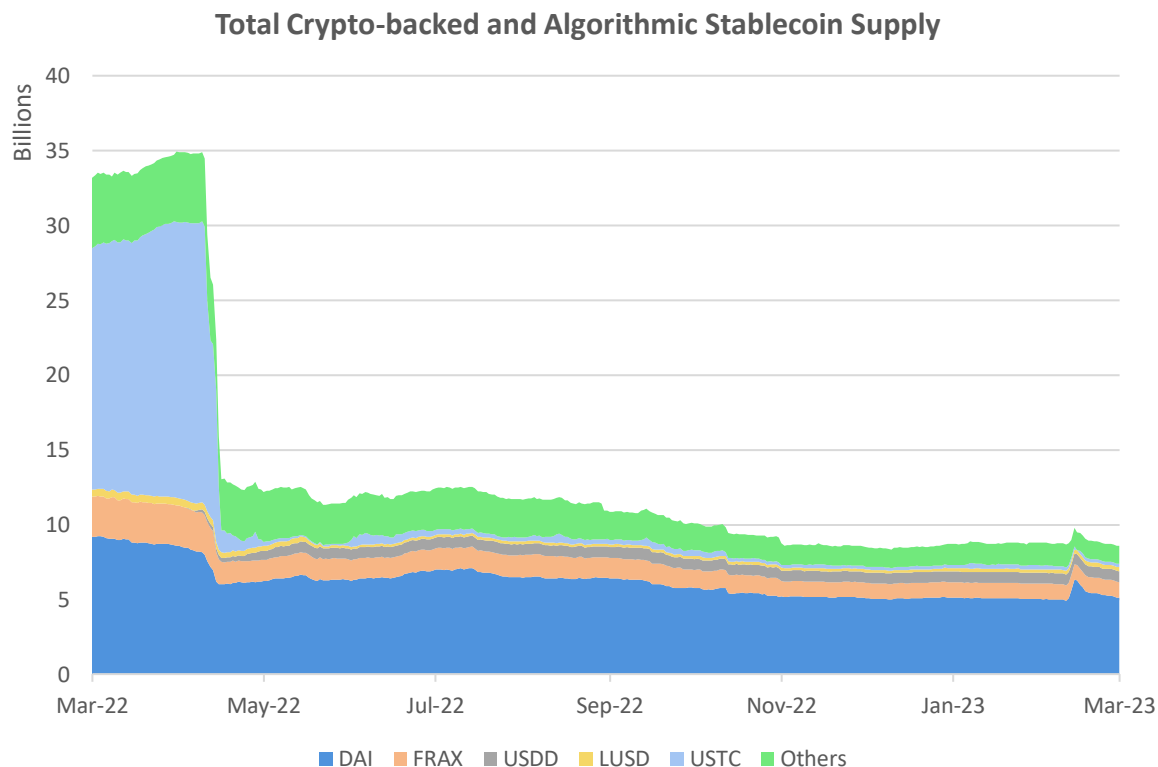
USDT payments launch on Telegram

- Telegram users can now send USDT to each other through the Tron network, made possible by a wallet bot function developed independently from Telegram itself.



Decentralized Stablecoin Updates

Decentralized stablecoin refers to crypto-backed and algo stablecoins across all chains tracked by DefiLlama



In the past two weeks:

- Total decentralized stablecoin supply decreased to US\$8.6bn (-7.4%), falling back below before USDC depegged.
- DAI dominance fell slightly to below 60%.

Meanwhile, decentralized stablecoin supply as a percentage of total stablecoin supply has maintained relatively stable at 6-7% for the last few months.

MakerDAO to increase exposure to US Treasuries

- MakerDAO voted to invest up to an additional US\$750mn in US Treasuries, enabling the DAO to earn additional yield.
- It earlier approved to invest up to US\$500mn in US Treasuries and corporate bonds in late 2022.
- MakerDAO credits the investments in real-world assets to help the protocol generate income – it said that such assets helped generate half the protocols earnings with only 10% of assets.

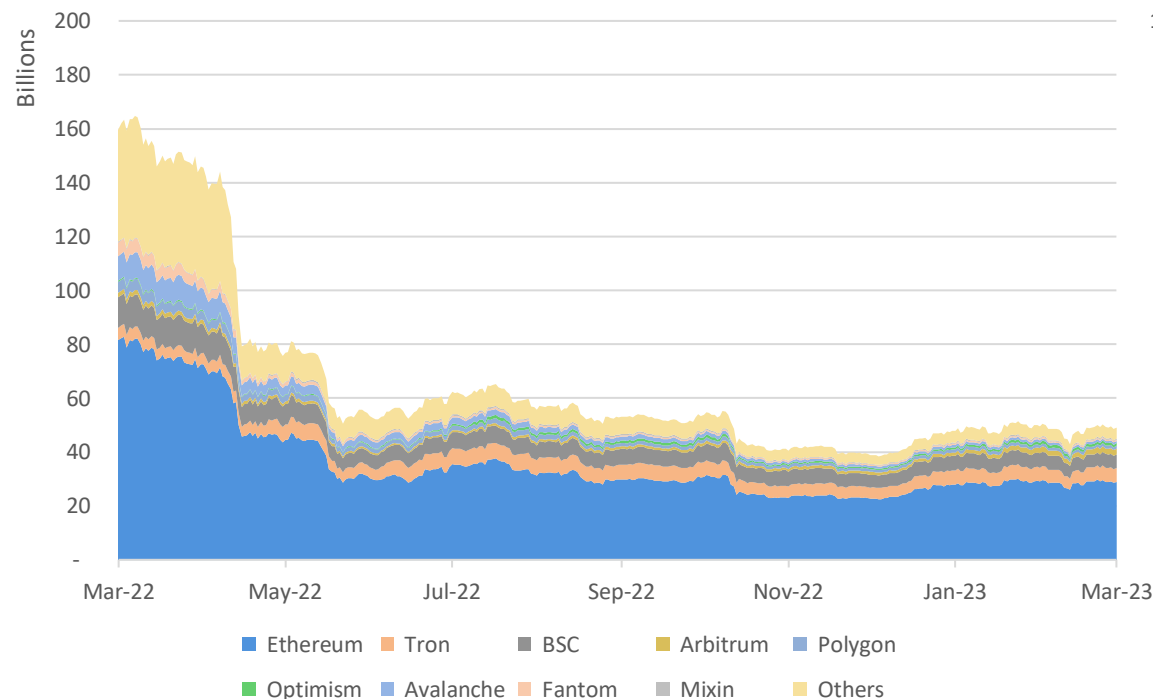
DeFi Updates

DeFi Summary (16 March – 29 March 2023)

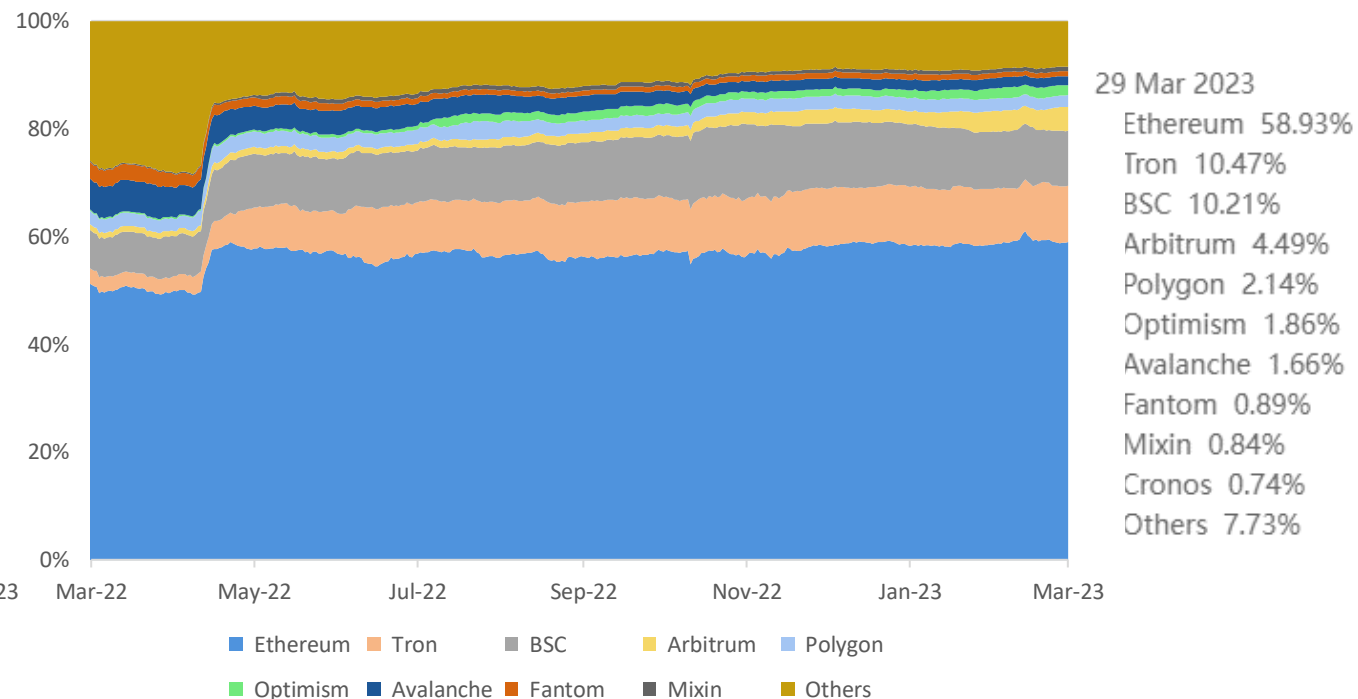
1. **TVL by Chain**
 - DeFi TVL recovers after post-USDC depeg, Arbitrum outperforms following token airdrop
2. **TVL by Protocol**
 - JustLend outperforms as Tron becomes the second-largest chain in terms of TVL
 - PancakeSwap underperforms amid Binance legal troubles
3. **DeFi Revenue**
 - Trader Joe outperforms through growth in Arbitrum
4. **DeFi Valuation** - Uniswap and MakerDAO relatively overvalued based on P/TVL and P/Revenue respectively
5. **Noteworthy DeFi Protocols**
 - DefiLlama apologizes for drama

TVL Overview by Chain – DeFi TVL recovers after post-USDC depeg, Arbitrum outperforms following token airdrop

TVL Trend by Chain



TVL Breakdown by Chain



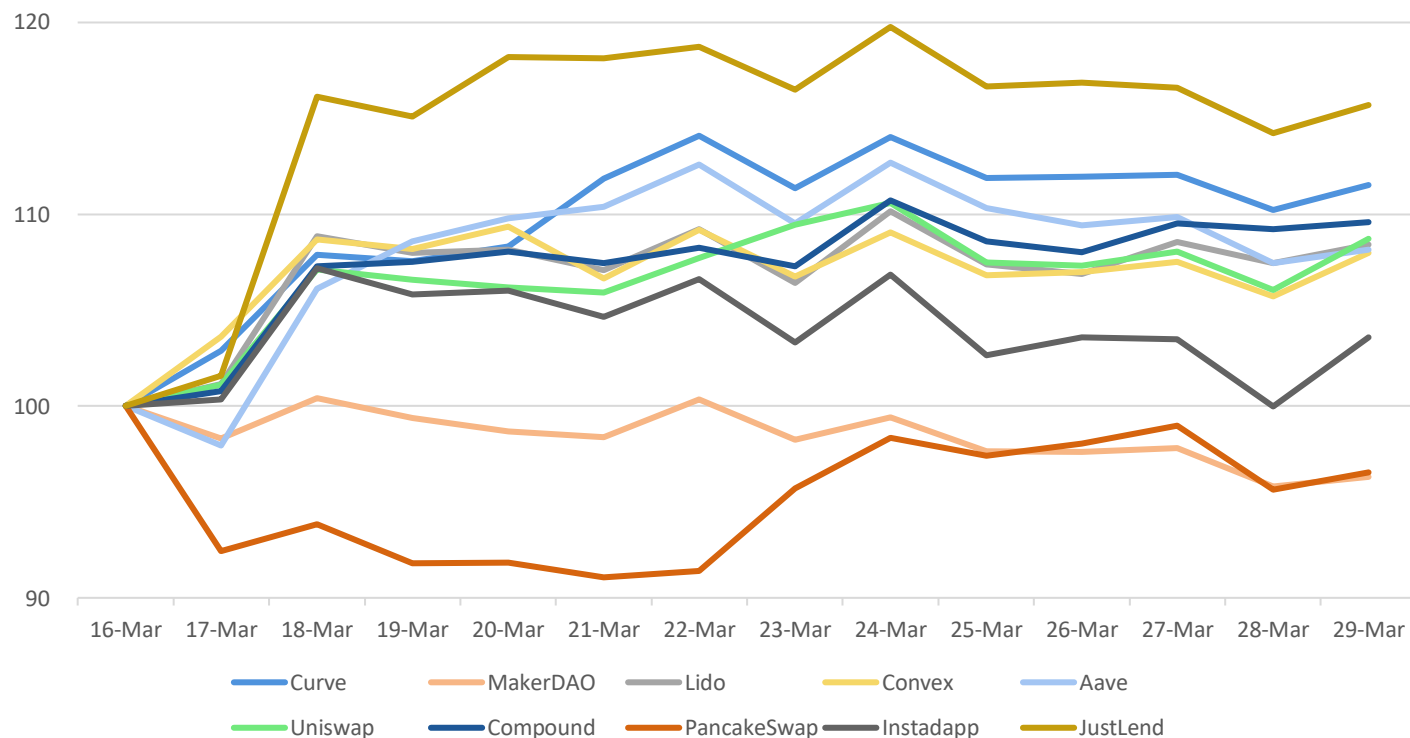
Total TVL increased 5.0% to US\$49.1bn as crypto prices continued to rise and the market recovering from USDC's depegging. During the period, notable winners/losers were:

- Arbitrum TVL gained 36.0% to US\$2.2bn after its successful airdrop of the ARB governance token to early users.

TVL Overview by Protocols

- JustLend outperforms as Tron becomes the second-largest chain in terms of TVL
- PancakeSwap underperforms amid Binance legal troubles

TVL of Top DeFi Protocols in Terms of TVL
(16 March 2023 = 100)

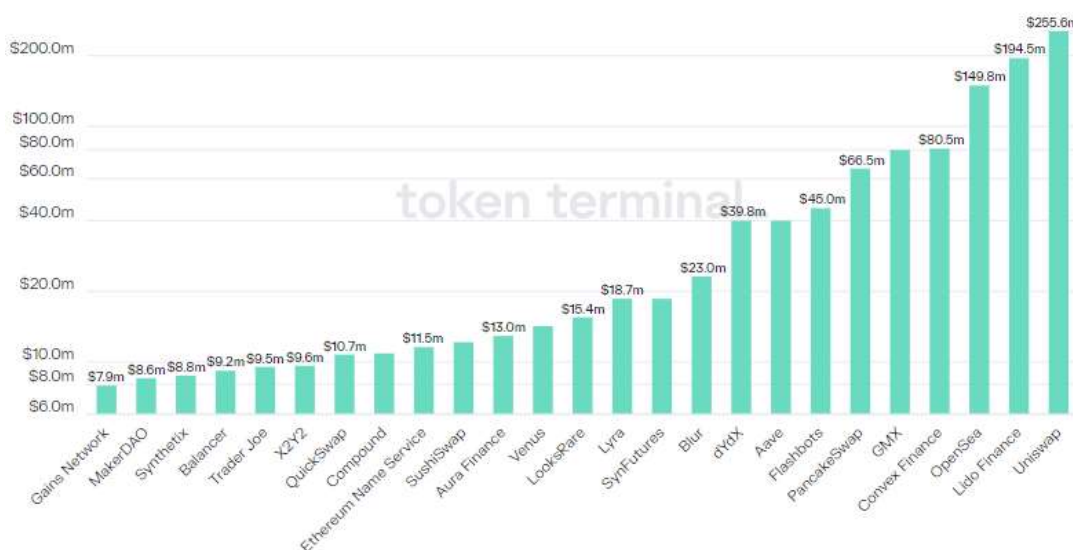


Protocol	16 Mar 23 TVL (USD)	29 Mar 23 TVL (USD)	Period Change
MakerDAO	7,857	7,568	-3.7%
Uniswap	3,530	3,837	8.7%
PancakeSwap	2,391	2,308	-3.5%
Compound	1,718	1,882	9.6%
Instadapp	2,013	2,085	3.6%
Lido	9,789	10,613	8.4%
Uniswap	3,530	3,837	8.7%
Curve	4,148	4,625	11.5%
Convex	3,406	3,678	8.0%
Aave	5,073	5,487	8.2%
JustLend	3,076	3,558	15.7%

DeFi Total Revenue - DeFi Protocols

- Trader Joe 7d revenue up 51.6%, outperforming other protocols after being one of the fastest growing protocols on Arbitrum with people drawn to its “Liquidity Book.”
- NFT activity down alongside other DeFi protocols – NFT volume takes a hit when crypto markets are volatile.

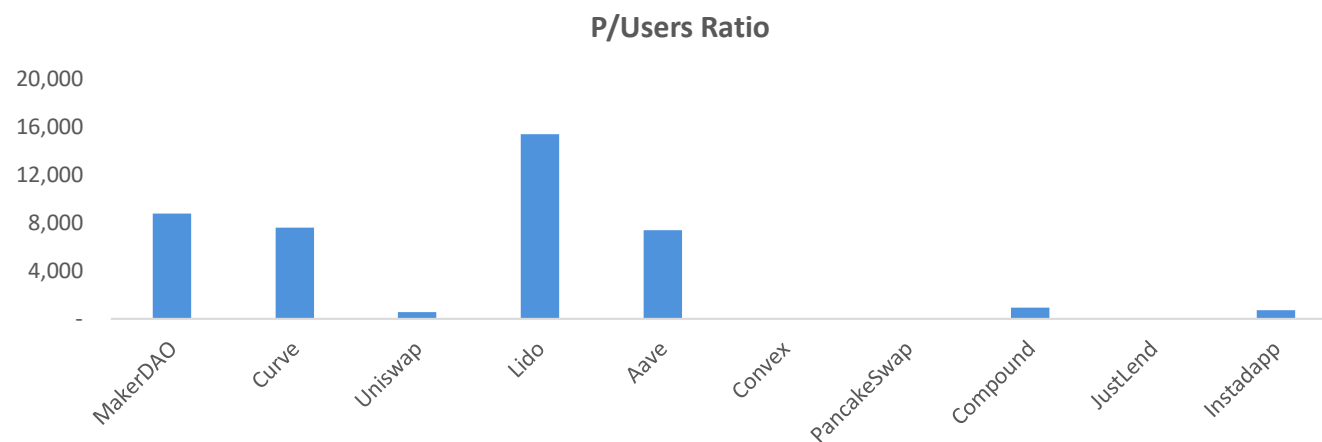
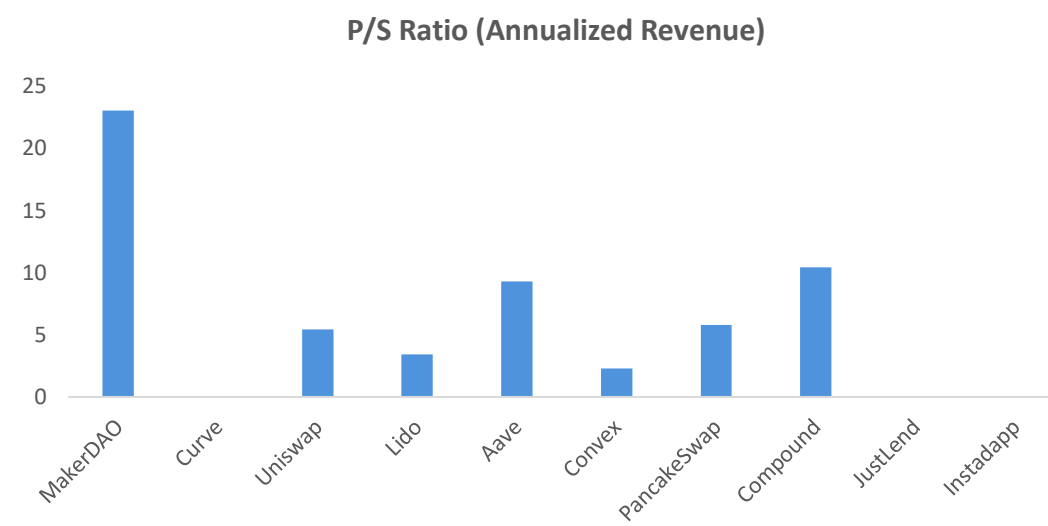
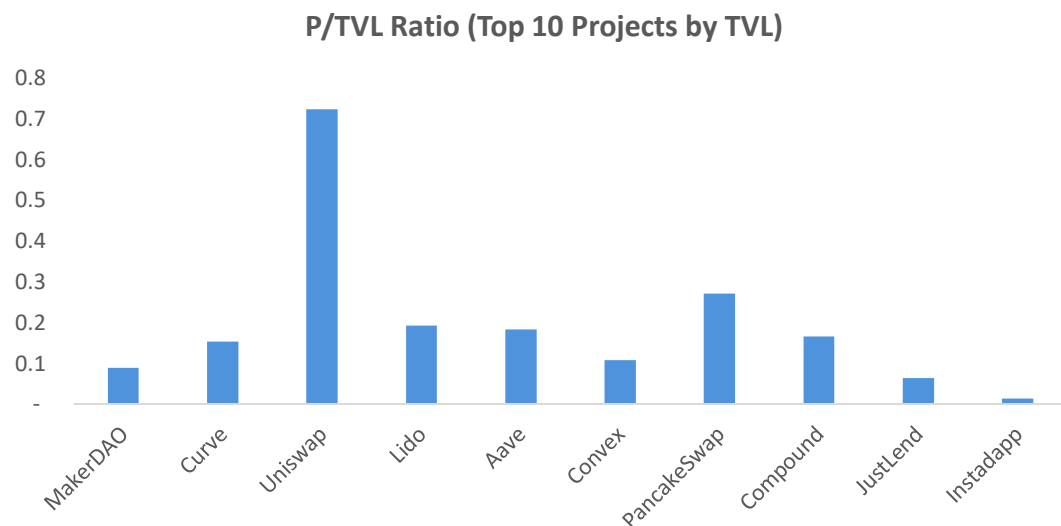
Top dapps based on daily cumulative fees in the past 180 days.



Project	Revenue 7d (US\$)	Revenue 30d (US\$)	Revenue 180d (US\$)	7d Trend	30d Trend
Uniswap	\$ 16.1m	\$ 67.0m	\$ 267.5m	-0.3%	11.6%
Lido Finance	\$ 9.8m	\$ 45.6m	\$ 203.7m	-19.2%	21.1%
GMX	\$ 4.4m	\$ 16.8m	\$ 81.9m	22.2%	-16.4%
Convex Finance	\$ 3.2m	\$ 13.6m	\$ 79.7m	-0.2%	-17.3%
Blur	\$ 1.8m	\$ 13.5m	\$ 27.2m	-23.9%	39.8%
PancakeSwap	\$ 2.1m	\$ 10.0m	\$ 65.2m	-19.6%	-7.5%
Aave	\$ 1.6m	\$ 9.3m	\$ 39.2m	-20.5%	49.3%
dYdX	\$ 0.8m	\$ 9.0m	\$ 41.0m	-13.7%	23.8%
OpenSea	\$ 1.4m	\$ 8.4m	\$ 139.7m	-29.9%	-69.3%
Flashbots	\$ 0.9m	\$ 7.6m	\$ 46.2m	-58.5%	5.5%
Venus	\$ 1.3m	\$ 5.8m	\$ 18.1m	-58.9%	153.6%
Level Finance	\$ 1.1m	\$ 4.2m	\$ 6.8m	-10.1%	78.0%
Synthetix	\$ 0.5m	\$ 3.7m	\$ 9.5m	-66.9%	214.7%
Lyra	\$ 0.6m	\$ 3.5m	\$ 18.5m	-27.1%	161.8%
Trader Joe	\$ 1.3m	\$ 3.5m	\$ 11.0m	51.6%	27.8%
Aura Finance	\$ 0.6m	\$ 2.6m	\$ 13.3m	-3.1%	2.5%
Gains Network	\$ 0.5m	\$ 2.3m	\$ 8.9m	-33.0%	-7.1%
Manifold.xyz	\$ 0.3m	\$ 2.3m	\$ 46.0m	-32.8%	-88.2%
Compound	\$ 0.4m	\$ 2.2m	\$ 10.8m	6.7%	11.0%
MakerDAO	\$ 0.5m	\$ 2.2m	\$ 8.6m	72.2%	24.7%

Note: As of 29 March 2022

DeFi Valuation



Note: As of 29 March 2023. Protocols with a ratio of 0 means insufficient data.

Source: TokenTerminal, Dune Analytics, CoinMarketCap

Noteworthy DeFi Protocols – DefiLlama apologizes for drama



Oxngmi (Ilamazip arc) @0xngmi · Mar 21

Everything has been solved, fork as been cancelled, all work will continue on defillama.com

[DefiLlama.com](https://defillama.com) @DefiLlama · Mar 21

1/3 The DeFiLlama team would like to apologize for the events that unfolded yesterday, as a result of poor communication and a misunderstanding within the team.

[Show this thread](#)

11 28 125 11.3K

- Popular DeFi data dashboard DefiLlama apologized to the community after team conflict led to a lead DefiLlama employee to fork the platform.
- Oxngmi, who is widely seen as the face and lead developer of DefiLlama, posted to Twitter on March 19 that they have forked the DefiLlama website over the weekend after accusing the company's founder of launching a token despite disagreement from the rest of the team.
- Oxngmi tweeted warnings and explained that they have forked DefiLlama since the founder had control to the DefiLlama Twitter account and website, which may announce a token launch not supported by the team.
- Three days later, DefiLlama issued an apology for the drama caused as a result of poor communication and misunderstanding within the team.
- The tweet clarified that no LLAMA token is planned and all DefiLlama products operated normally.

NFT & Metaverse

NFT & Metaverse Summary

1. **NFT Dashboard**

Floor prices on most projects retrace heavily amid period of volatile crypto prices

2. **Slight weekly volume decline vs last week, Blur farmers still out in full swing**

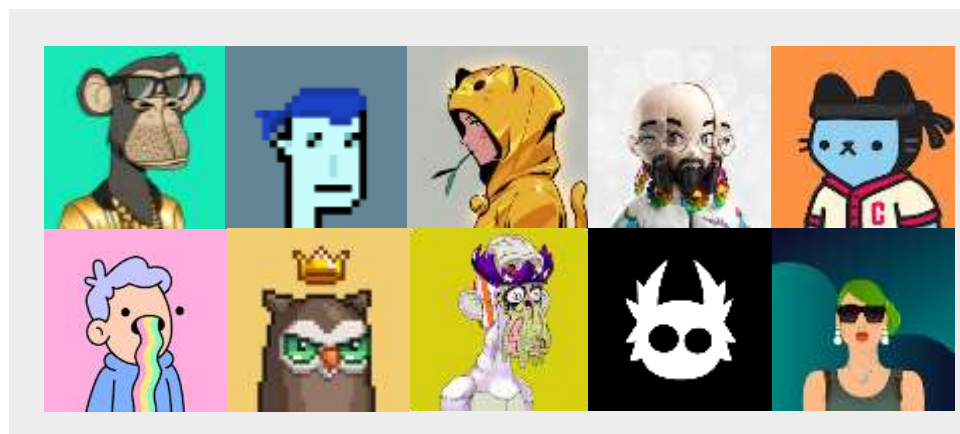
3. **Magic Eden launches Bitcoin NFT marketplace**

4. **News and Headlines**

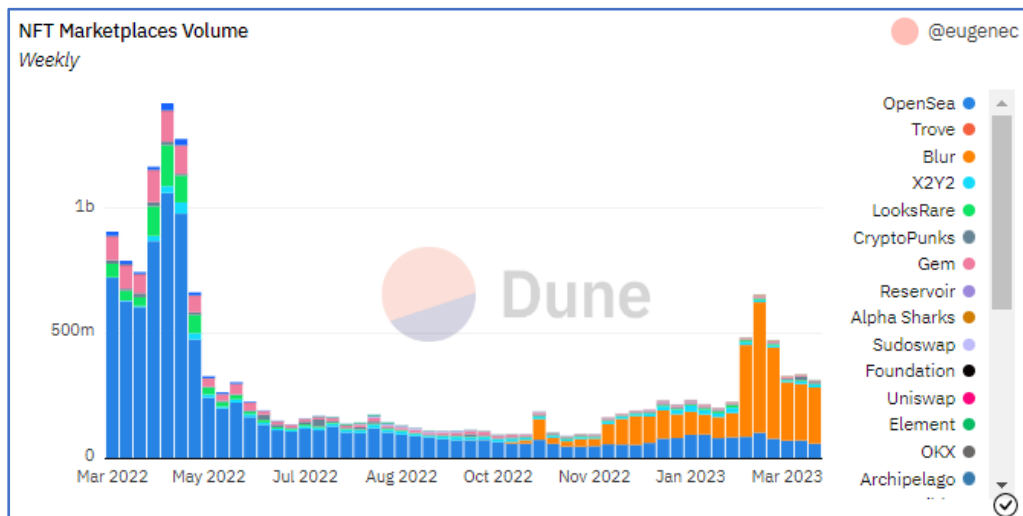
NFT Dashboard

Project	Floor Price	14D	YTD
"Blue Chip" Projects			
Bored Ape Yacht Club	60.5Ξ	-7.0%	-12.9%
CryptoPunks	63.8Ξ	-5.1%	-2.6%
Tier-A Projects			
Azuki	13.6Ξ	-4.5%	16.2%
Clone X	3.2Ξ	-15.1%	-44.0%
Cool Cats	1.2Ξ	-29.6%	-53.2%
Doodles	3.2Ξ	-20.6%	-51.4%
Moonbirds	3.2Ξ	-24.8%	-56.5%
Mutant Ape Yacht Club	13.1Ξ	-7.5%	-17.5%
Otherdeeds	1.8Ξ	3.5%	41.8%
World of Women	1.2Ξ	-22.3%	-30.9%

Top Sales of the Week*	Price	Top Collections of the Week* (by volume)	Volume (USD)
SuperRare #991	\$638.1k	CryptoPunks	\$76.2m
BAYC #2062	\$561.5k	Otherdeed	\$29.9m
Otherdeed #2118	\$373.6k	Mutant Ape Yacht Club	\$22.4m
CryptoPunk #6036	\$368.0k	Bored Ape Yacht Club	\$22.1m
CryptoPunk #2253	\$224.7k	Doodles	\$12.0m
Otherdeed #665	\$208.2k	Pudgy Penguins	\$10.8m
Otherdeed #99728	\$206.6k	Nakamigos	\$9.5m
RENGA #3295	\$177.7k	Azuki	\$9.2m
Axie Land	\$176.0k	Moonbirds	\$8.0m
BAYC #7744	\$166.9k	CloneX	\$7.0m

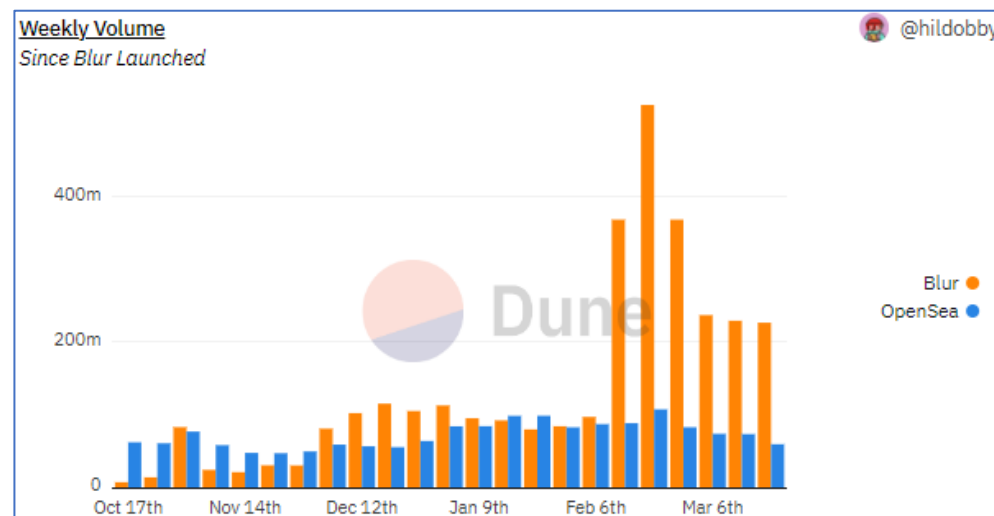


Slight volume decline vs last week, Blur farmers still out in full swing



- Overall NFT trading volume has declined from ~US\$640mn peak after Blur's airdrop under the current volatile price movement in the wider crypto market.
- Blur farmers still actively farming for points with US\$225mn in weekly volume. Blur recently announced that its double-points promotion will be extended by a month to May 1.

Marketplace	Average Price per Trade*
OpenSea (all)	US\$99.9
Blur	US\$2,010

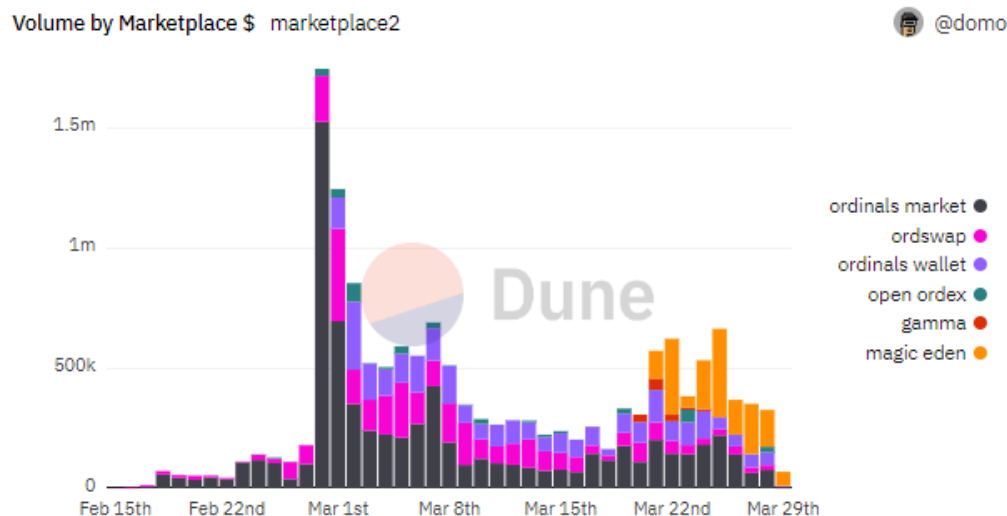


Note: *7 days

Source: Token Terminal, Dune Analytics, Blur, DappRadar

Magic Eden launches Bitcoin NFT marketplace

- Magic Eden has launched a fully audited Bitcoin NFT marketplace, capturing the popularity of Ordinals that saw projects like Yuga Labs' Twelvelfold and DeGods Ordinals.
- The marketplace has integrated support for Bitcoin wallets Hiro and Xverse to allow traders to buy, sell, and list Ordinals.
- Magic Eden has overtaken other notable marketplaces launched before it in terms of volume, with on average roughly half of total Ordinals volume coming from Magic Eden.



News & Headlines

Doodles is “No Longer an NFT Project”

Doodles co-founder Jordan Castro, known as Poopie, said that Doodles is no longer an NFT project as it eyes being a leading media franchise. He clarified that they will continue to use NFT tech “as the connective tissue,” as they pivot towards a media company. Reactions to his statements were mixed. [[CoinDesk](#)]

MapleStory Enters Web3

Nexon, a large game publisher in Asia and behind the long-standing game MapleStory, is creating a new web3 game based on the MapleStory franchise called MapleStory Universe. It is launching on a private Supernet on Polygon, which acts as a “dedicated app chain.” [[Decrypt](#)]

UK Cancels NFT Launch

The UK’s Treasury cancelled plans to launch an NFT by the Royal Mint, a project originally proposed by current prime minister Rishi Sunak in 2022 when he was Chancellor of the Exchequer. The Treasury minister said that it would keep this proposal under review for the time being. [[The Block](#)]

Animoca Brands Cuts Metaverse Fund Target

Animoca Brands has allegedly cut its target for the metaverse fund by 20% to US\$800 million, a second cut after halving the initial target of US\$2 billion in January. The company is scaling back its ambitions following recent crypto volatility, according to the reports. [[Reuters](#)]

Disney Cuts Metaverse Division as it Restructures

Disney has laid off all but one employees in its metaverse division as part of wider scale layoffs that was planned by returning CEO Bob Iger, who was tasked with reorganizing the company to reduce expenses. The team was originally formed to “connect the physical and digital worlds for Disney entertainment.” [[CNBC](#)]

CCP Games Raises US\$40mn to Create Web3 EVE

CCP Games, the developer behind EVE Online, an outer space-themed massively multiplayer online role-playing game (MMORPG), raised US\$40 million to develop a new web3 game set within the EVE universe. EVE Online is a 20-year-old game that has cultivated an audience of die-hard players with an annual convention, spinoff games, and books. [[Decrypt](#)]

Policy and Regulatory

Policy & Regulatory Updates

- Do Kwon, founder of Terraform Labs, has been arrested in Montenegro for using falsified documents. The extradition of Kwon has been requested by both the US and South Korea, though extradition will only happen after court proceedings led in Montenegro, its Justice Minister said. Cited as one of the world's most wanted fugitives, Interpol issued a red notice for Do Kwon last year. [[TechCrunch](#)]
- In a new indictment, Sam Bankman-Fried is charged with conspiracy to violate the anti-bribery provisions in the Foreign Corrupt Practices Act. He is accused of bribing one or more Chinese government officials of US\$40 million to unfreeze Alameda Research accounts. [[The Block](#)]
- Coinbase announced that the US SEC issued it a Wells notice, a formal declaration that the agency is planning to sue the company. Coinbase explained that the potential lawsuits would be related to Coinbase's spot markets, as well as Earn, Prime, and Wallet products. [[Reuters](#)]
- The SEC sued Tron founder Justin Sun with fraud, as well as accusing eight celebrities including Lindsay Lohan and Soulja Boy for illegally promoting Sun's crypto projects. Six of the celebrities agreed to settle without any wrongdoing. Sun was accused of distributing unregistered security tokens of TRX and BTT as well as artificially inflating the tokens' trading volume. [[Reuters](#)]
- Florida Governor Ron DeSantis has announced a proposed legislation to prohibit the use of a national CBDC as money within the state of Florida, which will protect Florida citizens from the "reckless adoption of a centralized digital dollar" that "stifles innovation and promotes government-sanctioned surveillance." [[CoinDesk](#)]
- The US Internal Revenue Service is considering whether to tax NFTs like other collectible assets such as stamps, art, and fine wine. The IRS is currently soliciting feedback for such tax treatment, which will have an impact for those having crypto in their retirement plans. [[CoinDesk](#)]
- SushiSwap said that the US SEC recently served it and "head chef" Jared Grey with a subpoena, and have asked the Sushi DAO to fund a US\$3mn legal defense fund. SushiSwap did not comment on the nature of such subpoenas. [[The Block](#)]
- The US Supreme Court will, in its first, hear a crypto-related case where Coinbase will attempt to convince the court to pause some class-action lawsuits against the exchange. [[CoinDesk](#)]
- A private investor led a new class action lawsuit alleging that several well-known finance-focused YouTubers, including Graham Stephan and Jaspreet Singh, should be held responsible for promoting collapsed exchange FTX. The lawsuit stated that the defendants marketed aggressively to use FTX without disclosing the nature and scope of the sponsorship or endorsement deal. [[TechCrunch](#)]

Notable Tweets

Notable Tweets

Justin Sun counters UBS' offer



H.E. Justin Sun 孙宇晨
@justinsuntron

.@UBS's bid for @CreditSuisse falls short. I would like to propose my own offer of \$1.5 billion to acquire Credit Suisse and integrate it into the Web3.0 world. Switzerland has been one of the most crypto-friendly countries in the world.

11:46 PM · Mar 19, 2023 · 2.9M Views

Outlawing crypto or the US?



db @tier10k · Mar 23

[DB] Coinbase Global Says It Got a Wells Notice From SEC Staff: BBG

148 349 1,089 1M



Cold Blooded Shiller
@ColdBloodShill

Replying to @tier10k

Honestly, let's just get the US outlawed from crypto. They're more trouble than their worth.

5:30 AM · Mar 23, 2023 · 14.9K Views

Going all-out against crypto



db @tier10k · Mar 23

[DB] Coinbase Global Says It Got a Wells Notice From SEC Staff: BBG

148 349 1,089 1M



Jordan Fried
@jordanfried

Replying to @tier10k

Is it just me, or is the US government declaring war against crypto?

5:25 AM · Mar 23, 2023 · 15.3K Views

Ambiguity and hostility



Tree of Alpha
@Tree_of_Alpha

SEC: "Some assets on your platform are securities, act accordingly."
Coinbase: "Can I know which ones?"
SEC: "No."
Coinbase: "Can you tell me how to determine which asset is a security?"
SEC: "Also no."

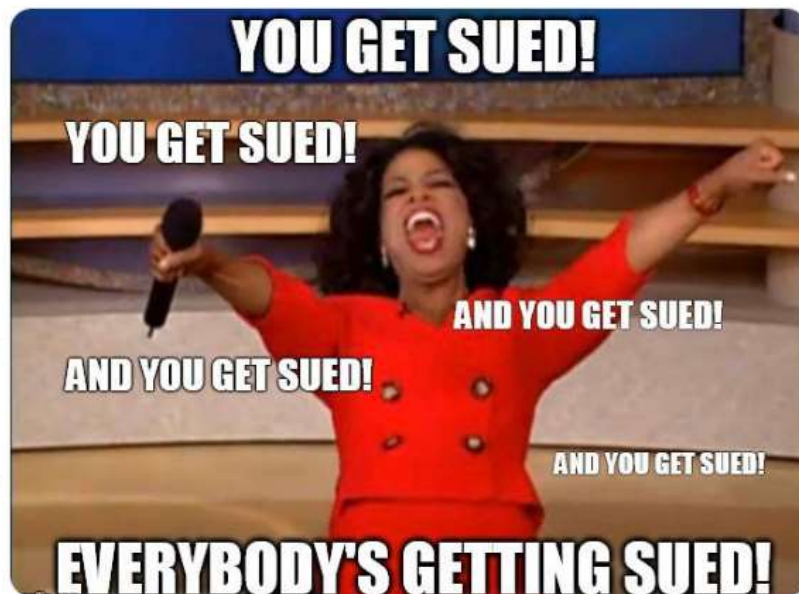
3:27 PM · Mar 23, 2023 · 218.7K Views

From the US regulators



H.E. Justin Sun 孙宇晨
@justinsuntron

1) what



12:42 AM · Mar 28, 2023 · 530.9K Views

Too much liquidity thanks to Blur



AN°N
@ANoNakamoto

Blur fucked everything. Even CryptoPunks. Yesterday 72 ETH floor, today sales under 62 ETH. Over 20 million dollars in Blur bids on Punks. Non-Fungible is a myth to the market these days. NFTs are shitcoins with pictures. They were right about us.

5:12 AM · Mar 21, 2023 · 349.3K Views

A political play?



CTO Larsson
@ctoLarsson

- CFTC sues Binance because ETH is a commodity
- SEC sues Kraken because ETH is a security

Correct?

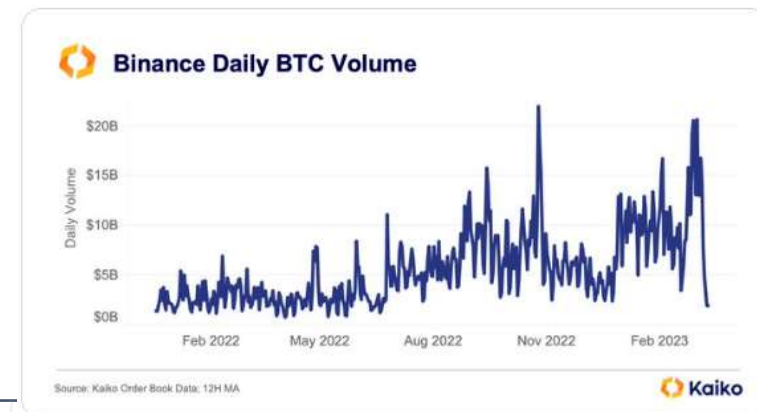
2:53 AM · Mar 28, 2023 · 687K Views

Binance BTC volume falls after fees resumed



Riyad Carey
@riyad_carey

Yesterday was Binance's lowest BTC volume day since July 4, 2022 -- two days before it began zero-fee trading, which it just ended for all pairs except BTC-TUSD.



7:53 AM · Mar 27, 2023 · 10.3K Views

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