

## Token2049 and Solana Breakpoint Highlight The Next Wave: Institutional Investments, Stablecoins, and Asia's Influence

Monthly Insights

September 30, 2024

- The SEC has approved BlackRock's spot Bitcoin ETF options listing, potentially leading to increased institutional investment and proliferation of new Bitcoin-related products, ultimately driving more structural demand.
- Stablecoins are emerging as a crucial element in the broader adoption of cryptocurrency, particularly within traditional financial systems: Revolut considers issuing stablecoin, Japanese banks MUFG, SMBC, and Mizuho working on a cross-border stablecoin transfer platform, insights from Visa and PayPal on their use of stablecoins. Circle, Celo, Agora, Ethena, Tether, and a long tail of others hard at work.
- Google Cloud is making significant advancements in Web3 infrastructure with the launch of its Ethereum-compatible RPC service, challenging industry incumbents.
- 10SQ takeaways from the major crypto events Token2049 and Solana Breakpoint in Singapore. The conferences highlighted Asia's deep, broad, and mature ecosystem of companies and digital asset projects.

## KEY THEMES

### SEC Approves BlackRock's Spot Bitcoin ETF Options Listing

- The SEC approved the Nasdaq ISE's rule change request to list and trade options on BlackRock's iShares Bitcoin Trust (IBIT). There is consensus that the IBIT options, which still need to be greenlighted by the Options Clearing Corporation (OCC) and the Commodity Futures Trading Commission (CFTC), will further help draw institutions to the crypto market. Market participants expect to see options trading on IBIT, and potentially the other bitcoin ETFs as well, by the end of the year.
- **10SQ VIEW:** This is a big win for the bitcoin ETFs, which will attract more liquidity and lead to higher institutional adoption. Bitcoin has long been seen as a highly volatile asset. However, there has been a clear downward trend in Bitcoin's volatility over its lifetime, and the trading of Spot Bitcoin ETF options might accelerate this trend. Institutional investors predominantly use yield-generating and hedging strategies that could lower Bitcoin's volatility. Bitcoin's realized or historical volatility has been trending lower since the Chicago Mercantile Exchange listed bitcoin futures in December 2017, opening doors for traditional institutions to take exposure to the cryptocurrency.

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### DBS To Launch Crypto Options Trading And Structured Notes

- DBS announced it is launching over-the-counter cryptocurrency options trading and structured notes for eligible institutional investors and accredited wealth clients. It is the first Asian-headquartered bank to offer financial products whose value is linked to the price of Bitcoin and Ethereum.
- DBS Digital Exchange (DDEX) reported that the value of digital assets traded on the exchange nearly tripled in Singapore dollar terms compared to the same time in 2023. In addition, the number of active trading clients on DDEX grew 36%, while digital assets in custody with DBS surged over 80% in Singapore-dollar terms.
- **10SQ VIEW:** Professional investors in Asia are increasingly allocating to digital assets in their portfolios. Crypto-structured products are early among banks. The preparation took approx. nine months after the launch of US ETFs.

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TenSquared ("10SQ) is a venture capital firm investing in the innovation happening in the blockchain and Web3 sector

## KEY THEMES

### Japan's Three Major Banks To Test Cross-border Stablecoin Transfer Platform

- Japan's three megabanks — MUFG, SMBC, and Mizuho — are set to trial a cross-border stablecoin transfer platform to offer faster international settlement for enterprises.
- "By integrating these regulated stablecoins and truly open and secure cross-chain messaging standards with the current cross-border messaging framework, we're enabling cross-border settlements for enterprises at the speed of the internet." - said the representatives of the banks.
- 10SQ VIEW:** While speed is the immediate benefit, there is also a massive potential for more significant innovation in cost reduction, enhanced privacy, and new forms of asset management, such as tokenized real-world assets.

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### Fintech Giant Revolut Said To Be Planning Stablecoins

- Revolut, intends to issue its stablecoin, taking a compliance-first approach. Revolut has allowed the buying and selling of crypto within its app for several years and launched a standalone cryptocurrency exchange for experienced traders in May.
- Robinhood Markets (HOOD) is rumored to be exploring stablecoin.
- 10SQ VIEW:** Adopting a comprehensive regulatory framework for stablecoins with MiCA in the European Union this year opened the way for fintechs to the new payment technology. Now, major fintech companies are starting to integrate stablecoin rails or launch their own stablecoins compliantly. In the coming years, we expect to see a wave of mainstream adoption of stablecoin technology in the tradfi sector.

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### PayPal Will Allow Businesses to Buy and Sell Crypto

- PayPal now enables U.S. merchants to buy, hold and sell cryptocurrency directly from their PayPal business accounts. PayPal also now enables business account holders to send and receive supported cryptocurrency tokens to and from external blockchain accounts.
- Earlier this month, PayPal announced that Venmo and PayPal users will be able to transfer cryptocurrency using Ethereum Name Service (ENS) names, which act as a nickname for a blockchain address. The new integration simplifies transfers between wallet addresses while reducing the risk of mistakes and lost funds.
- 10SQ VIEW:** It is remarkable how PayPal is consistent in their crypto strategy. Now the company will bring bitcoin and other virtual coins to "millions" of merchants across the US. ENS is an essential step in the evolution of blockchain technology as it is building an "identity layer" for crypto transactions by creating unified Web3 identities. It is possible that soon, we will see ENS domains replace bank accounts and email addresses.

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### Google Cloud Releases Ethereum-compatible RPC Service

- The cloud division at Google has introduced a new blockchain remote procedure call (RPC) service for Ethereum to support Web3 development. Google Cloud will integrate support for additional blockchain networks next year. The RPC lets developers access blockchain data and functionality through API calls.
- The company also acts as a validator for multiple networks, provides node hosting and BigQuery data analytics for 19 blockchains, launched Web3 Portal with developer tools.
- 10SQ VIEW:** Google Cloud continues to expand its presence in Web3 infrastructure for the Web3 ecosystem, positioning it in competition with incumbent infrastructure providers, including Infura, Alchemy, and QuickNode. This is undeniably a significant development in the ongoing interaction between traditional tech giants and the decentralized world of blockchain.

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### Hivemapper Network Has Added Coverage Five Times Faster Than Google Street View

- Hivemapper is a decentralized mapping network that allows contributors to use specifically designed dashcams to collect high-quality street-level imagery during their drives. Hivemapper announced the launch of its new mapping innovation brand, Bee Maps, a global mapping network.
- Notably, it took less than two years for the Hivemapper community to map its first 10 million unique miles of roads, while it took ten years for Google Street View to map an area of the same size. The network offers unique coverage for more than 26% of the world's roads, with the strongest coverage across North America, Europe, South Korea and Japan.
- 10SQ VIEW:** Hivemapper is an excellent example of decentralized physical infrastructure projects (DePINs) at work in real life. DePINs are projects that use token incentives to encourage people to invest in building infrastructure that is in high demand. The DePIN sector's appeal stems from its being rooted in "real world" applications with well-understood markets.

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# 10SQ TAKEAWAYS FROM SOLANA BREAKPOINT 2024

- Solana Breakpoint was the second largest event of the Singapore crypto week and the biggest conference event in Solana history, attended by over 5.7k Solana developers and users. With all developers using existing Solana infrastructure, the conference was able to showcase new applications across payments, gaming, social and many other use cases. There was massive optimism from investors, builders, and corporates.

<b>PayPal</b>	<ul style="list-style-type: none"> <li>Besides speed and scalability, Solana's token extensions were key factors that drove the expansion of PYUSD, PayPal's flagship stablecoin, to the Solana blockchain. Solana's token extensions are advanced features that enable developers to create tokens with unique features tailored to specific use cases: transaction confidentiality, managing charges for transactions, transfer restrictions and multi-signature approvals, and enhanced customization options.</li> </ul>
<b>Visa</b>	<ul style="list-style-type: none"> <li>Visa has already settled millions of dollars of USDC over the Ethereum and Solana blockchains between its clients. They are committed to continuing to innovate around settlement options. The head of Visa Crypto said that 65% of stablecoin transactions on Solana are under \$100, and Ethereum is less cost-effective to be able to do lower-value transactions frequently.</li> </ul>
<b>Institutional adoption</b>	<p>Institutions are increasingly adopting Solana for new financial products:</p> <ul style="list-style-type: none"> <li><b>Franklin Templeton</b>, one of the world's largest financial players boasting over \$1.3T in AUM announced its intention to launch a mutual fund on the Solana blockchain.</li> <li><b>Citibank</b>, the fourth largest bank in the United States, shared that it was exploring Solana's potential, suggesting that seamless money transfers and advanced smart contract composability present unique opportunities in the future. Citi has implemented blockchain-based solutions for financial applications. For example, they recently launched the Citi Integrated Digital Assets Platform (CIDAP), a technology stack for internal money transfers.</li> <li><b>Securitize</b> is the leading tokenization platform, helping bring over \$950 million in value on chain. Securitize is the tokenization partner for BlackRock's BUIDL, the largest chain fund, and also has tokenized feeder funds for KKR and Hamilton Lane. Securitize will add native support for Solana, allowing it to deploy its tokenized assets on the network.</li> <li><b>Societe Generale's</b> digital assets subsidiary, SG FORGE, is adding support for Solana, starting with its EUR CoinVertible (EURCV) stablecoin launch. EURCV is the first MiCA-compliant stablecoin issued by a bank. In the future, SG FORGE may also bring its other tokenized security products to Solana, including Smart Cash, Structured Products, and Bonds.</li> </ul>
<b>DePINs on Solana</b>	<p>Top infrastructure projects on Solana attracted a lot of attention:</p> <ul style="list-style-type: none"> <li>Hivemapper is shipping the 'Bee' dashcam to build a global mapping network.</li> <li>Geodnet is launching a Solana-based version of its earth observation network.</li> <li>Helium, the original DePIN pioneer, is now running on Solana and works seamlessly with the new Solana phone.</li> <li>Render, the decentralized GPU rendering platform, has just integrated with Dropbox and AWS.</li> </ul>
<b>Product and company announcements</b>	<ul style="list-style-type: none"> <li>Solana's focus on mobile &amp; direct to consumer strongly differentiates them from other L1s. Twitter crypto community compared Breakpoint to Apple's product announcement events.</li> <li>Solana Mobile has unveiled details about its second Solana phone, the Seeker. Planned for a 2025 release, the phone boasts a native wallet built with SolFlare that integrates with Solana Mobile's secure seed vault and will be secured by a thumbprint. The Seeker had already been pre-ordered over 140k times by the time the phone came out of stealth. At a \$450 price, Solana Mobile can contribute over \$63M in revenue.</li> </ul> <p>New exciting company announcements:</p> <ul style="list-style-type: none"> <li>Sling Money, a simplified payments app; Bridge, a stablecoin infrastructure company; and Huma Finance, a payment finance company.</li> <li>Jump Crypto's Firedancer Solana validator client launches on the Solana mainnet. Firedancer will aim to address Solana's scaling challenges, pushing Solana's performance to new heights.</li> <li>Both Jupiter and Drift announced effective expansion of their ecosystem.</li> <li>The role of Memecoins was actively acknowledged with a big event put on by the BONK team, and the expansion of a meme into an ecosystem similar to what we saw with the Yuga/Ape playbook.</li> </ul>

# 10SQ TAKEAWAYS FROM TOKEN2049

- The two-day Token2049 conference in Singapore has historically been one of the main events for the crypto ecosystem. With an impressive 7k+ companies, 20k+ attendees, and 300+ speakers this year, the event showcased the immense scale of the crypto industry, hosting, besides the main conference, an overwhelming amount of side events. Token2049 was clearly the epicenter of crypto in Asia in September.

## Key observations:

<p><b>Role of crypto in Asia</b></p>	<ul style="list-style-type: none"> <li>▪ Asia remains way ahead of the West in embracing crypto. This is often discussed in the consumer context but is also true for the government's support and regulatory frameworks.</li> <li>▪ Temasek, a Singaporean state-owned multinational investment firm with \$288B AUM, actively incubates and spins out companies leveraging blockchains.</li> <li>▪ Hong Kong has recently published stablecoin regulation proposal, and a handful of companies are actively working with the HK government to launch HKD stablecoins.</li> <li>▪ Japan has not only a robust and proscriptive framework for the treatment of digital assets, but also many initiatives and commercial applications from banking (SBI, Nomura, Daiwa) to real estate.</li> <li>▪ The reopening of China to crypto continues to be an important theme with OKX and HTX front and center.</li> <li>▪ It is noteworthy that Binance was not visible in Singapore this year.</li> </ul>
<p><b>Real building and focus on monetization</b></p>	<ul style="list-style-type: none"> <li>▪ The crypto community and VCs are particularly excited about such narratives as TEE's (trusted execution environment), DePIN, Telegram Open Network (TON), and some crypto x AI projects.</li> <li>▪ Significant developments in crypto are happening in Asia, backed by some deep-pocket local VCs/funds. There was a renewed focus on apps owning end-user relationships.</li> <li>▪ Renaissance in lending and DeFi were strong underlying themes.</li> <li>▪ Recognition of tokenized treasuries, stablecoins, and institutional grade products, evidenced by extensive participation and sponsorship by large financial institutions such as Fidelity, PayPal, City, Franklin Templeton, and others.</li> <li>▪ A few newer L1s and L2s demonstrated that there is still an opportunity and strategic whitespace to build alternative rails.</li> <li>▪ Corporate giants like Sony rolled out new initiatives focused on eventually uniting creators and IP on their chains.</li> <li>▪ We noticed that on-chain revenue models were discussed more widely than ever before. There were more questions about monetization, actual revenue, and business models when talking about crypto projects than before.</li> </ul>
<p><b>Crypto VC market</b></p>	<ul style="list-style-type: none"> <li>▪ Asian allocators are generally open to crypto and see why this technology will be valuable. Most institutional investors in Asia are increasingly allocating to digital assets in their portfolios.</li> <li>▪ More than ever before, VCs remained value-disciplined with an increasing focus on fundamental KPIs when evaluating startups.</li> <li>▪ Pre-seed and seed ecosystems seem robust and have not experienced a slowdown in funding, especially for projects offering token warrants and other liquid sweeteners.</li> <li>▪ Many Series A+ startup teams strategically wait to raise capital until Q4 or later.</li> <li>▪ Growth-stage companies were present but not actively fundraising or communicating the need for capital.</li> </ul>

## Upcoming Events

- **October 9-11** - Polina Bermisheva will be at [Permissionless](#) in Salt Lake City, UT
- **October 24** - Chris Cheung will be speaking at [EMex Americas: The Emerging Manager Exchange](#) in New York, NYC
- **November 11-13** - [SALT iConnections Asia](#) in Singapore

**Opportunities to connect with the 10SQ team - [book a meeting in Calendly](#)**





## IMPORTANT DISCLOSURES

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