

ALT 5 – DIGITAL ASSETS MORNING CALL

Crypto and traditional finance on the same platform?

NEW YORK, NEW YORK, US, June 28, 2022 /EINPresswire.com/ -- ALT 5 Sigma Inc. a global fintech that provides next generation blockchain powered technologies for tokenization, trading, clearing, settlement, payment, and insured custodianship of digital instruments releases its Digital Assets Morning Call.

- Bress reports indicate FTX may buy Robinhood

- SEC Chair Gensler comments on crypto security/commodity designation

- Ethereum responds to reports of speculative shorts



Press reports continue to discuss the possibility that FTX is making a bid to purchase online equity trading platform Robinhood. FTX founder Sam Bankman-Fried has downplayed the speculation. Nonetheless, in the idealistic future, the expectation is that investors will be able to access crypto assets/products on the same platforms on which they trade traditional securities, rather than the current situation where crypto trading platforms are separate.

Achieving this will not only require a further maturation of the crypto space broadly, but will also need better understanding of crypto assets by the investing public and where it fits in different portfolio objectives.

Regulation is key

Underlying all of that is regulation; the innovators of crypto assets, the platforms on which they trade, investors, and all the other associated entities need to know the legal and regulatory

framework in which they will exist. That has been a focus for the array of US regulatory bodies that have input/jurisdiction. But there has been little obvious progress, even since US President Biden's executive order on the matter back in March. Further complicating the issue is that some amount of the regulatory framework should be coordinated globally. If getting one country's regulatory framework settled is difficult enough, imagining getting other countries to sign onto similar rules?

SEC Chair Gensler concedes bitcoin is a commodity, but not other crypto tokens

Related to the US regulatory discussion, on Monday SEC Chairman Gensler labeled bitcoin as a commodity, rather than a security. He made the comments on a CNBC interview. On other tokens, Gensler said that, "many of these tokens...the investing public is hoping for a return just like when they invest in other financial assets we call securities," adding that, "many of these financial assets, crypto financial assets have the key attributes of a security."

The SEC CFTC turf battle

Gensler's comments get to a key sticking point in achieving progress on US crypto asset regulation, and that is the current turf battle between the SEC and the CFTC over which agency will regulate which crypto assets; those designated as securities would be regulated by the SEC, and those designated as commodities would be regulated by the CFTC. Gensler is yielding the biggest crypto asset to the CFTC, but is not willing to do so for "many of these [other] tokens."

While it is useful to get an update on Gensler's thinking, it does not seem he has broken any new ground in his comments. And most importantly, there is little in his remarks to suggest that more clarity on a framework for crypto regulation is any closer in the US.

Tether CTO responds to reports of speculative shorts of the stablecoin

Yesterday's WSJ article reporting that hedge funds are shorting the stablecoin Tether generated a response from Tether's chief technical officer. In a series of tweets, Paulo Ardoino acknowledged the token has recently come under "attack" and accused hedge fund managers of attempting to spread FUD about Tether in an effort to capitalize on the chaos and losses associated with the TerraUSD/LUNA collapse last month.

Redemptions have been absorbed and met

Interestingly, Ardoino said in the past 48 hours, Tether has "redeemed 10% of its total assets," a feat he said is almost impossible for most banking institutions. The latter is a pretty interesting comparison given that a bank's reserves—that which would be available as cash—are typically only a fraction of its total assets.

And commercial paper exposure is down over 80%

Ardoino also said that this month, Tether has reduced its commercial paper exposure to \$8.4 bln from \$45 bln and intended to eliminated all commercial paper holdings in the coming months. Tether has not been completely transparent about the composition of the collateral banking the stablecoin, and that is one justification funds are using to short the token. However, that substantial reduction in commercial paper exposure is a notable development, and a potential confidence builder for Tether, providing that it was converted into cash or a cash equivalent (which was not clarified in his comments).

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ABOUT ALT 5 Sigma

ALT 5 Sigma is a global fintech that provides next generation blockchain powered technologies for the trading, clearing, settlement, payment, and insured custodianship of digital instruments. ALT 5 was founded by financial industry specialists out of the necessity to provide the digital asset economy with security, accessibility, transparency, and compliance. ALT 5 provides its clients the ability to buy, sell and hold digital assets in a safe and secure environment deployed with the best practices of the financial industry. ALT 5 Sigma's products and services are available to Banks, Broker Dealers, Funds, Family Offices, Professional Traders, Retail Traders, Digital Asset Exchanges, Digital Asset Brokers, Blockchain Developers, and Financial Information Providers. ALT 5's digital asset custodian services are secured by Fireblocks.

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