

ALT 5 - DIGITAL ASSETS MORNING CALL

Renewed crypto token slippage alongside less helpful news flow

NEW YORK, NEW YORK, US, June 30, 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.

- Bitcoin and ether decline leaves them in closer proximity to recent lows

- Crypto hedge fund reportedly in liquidation

- Grayscale Bitcoin Trust application to convert to ETF is denied by SEC

- MicroStrategy announces modest purchase of bitcoin

Major crypto tokens are under some pressure ahead of the long holiday weekend in North America. Pressure stems in part from the renewed weakness in equities, with the Nasdaq Composite Index down 2.2% in early trading, while the news flow has also been unhelpful (see below).

Bitcoin is trading near \$19,000, well off of the approximate \$22,000 high reached following the mid-June selloff. Potentially important support is found at the June 18/19 low of \$17,590. Ether is testing \$1,000 with its June 18/19 low of \$880 also representing support.

We will not recant the percentage changes in bitcoin and ether associated with month-end, quarter-end and half-year-end, as market participants are well aware of the steep losses incurred in the selloff. However, we would note that the passing of end-of-period events can also



alleviate some of the portfolio rebalancing. In the case of bear markets, that may have led to some forced selling that has contributed to the downward pressure on crypto tokens. That said, we still acknowledge that the latest news as well as the macro backdrop continue to present challenges for crypto assets.

The fallout on crypto hedge fund

Crypto hedge fund Three Arrows Capital, sometimes referred to as 3AC, has reportedly fallen into liquidation, according to press reports in the Financial Times and CNBC. The reports cite sources saying that liquidators have been appointed through a court order in the British Virgin Islands.

This latest development with 3AC has in fact been discussed openly in the market over the last week-plus. That diminishes some of the bearish “surprise” element of the news. However, it still highlights the negative fallout from the sharp decline in token prices in recent months. The cascading effects of lower token prices, the associated liquidation in decentralized finance protocols, and the damage to those entities/funds/firms with leveraged exposures to those developments, has been central to the heightened selling pressure in the crypto asset space in recent months.

SEC denies Grayscale Bitcoin Trust effort to convert to ETF

The US Securities and Exchange Commission (SEC) has denied Grayscale’s application to convert the Grayscale Bitcoin Trust (GBTC) into an exchange traded fund (ETF). The SEC decision stems in part from the fact that GBTC invests in spot bitcoin, while other ETFs which the SEC has approved invest in the bitcoin futures that trade on the Chicago Mercantile Exchange.

According to the SEC, an ETF based on bitcoin futures allows better monitoring and investor protections than a spot bitcoin ETF, making it a safer for investors. As those in the space have seen, the SEC has consistently pushed back against allowing ETFs based on spot crypto tokens, for those same reasons. As such, the bigger surprise might have been for the SEC to allow for the Grayscale conversion. Grayscale is appealing the SEC decision, which is likely to be a very lengthy process.

Saylor buys more bitcoin, in small

MicroStrategy CEO Michael Saylor announced on Twitter the purchase of 480 bitcoin tokens which amount to about \$10 mln. Previous disclosures indicated company’s total bitcoin holdings at 129,699 tokens, making the latest purchase a tiny fraction of the total. While announcing the purchase may have been designed as much to instill confidence in the market as it was to demonstrate transparency, the relatively modest sum is not likely to have any lasting, positive impact on bitcoin’s price.

Better news on crypto regulation in New York State

New York State Department of Financial Services superintendent Adrian Harris said the regulator has issued more cryptocurrency-related licenses so far in 2022 than it did in all of 2021. New York State is a key player in financial services regulation, given the large number of financial services firms located in the jurisdiction. In that regard, it is encouraging that some regulators there appear to better recognize the importance and opportunity in the crypto space, especially given its reputation as a traditionally more difficult and bureaucratic environment for crypto-related firms.

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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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