



Market Commentary: January 2020

The digital asset industry is off to a strong start in 2020. We are beginning to see the most talked-about narrative of 2019, Central Banks (CB) issuance of digital currencies unravel, the startup behind the most popular stablecoin, Tether, seeks further widespread adoption, the digital asset industry continues its successful push to attract institutional capital and altcoins continue to “shock and awe” digital asset investors.

As Japan’s government begins to develop its own digital currency ([CoinTelegraph](#)) and the People’s Bank of China completes the top layer design of the digital Yuan ([AMBCrypto](#)), “the central banks of Canada, the United Kingdom, Japan, European Union, Sweden, and Switzerland have created a group with the Bank for International Settlements (BIS) to jointly research central bank digital currencies (CBDC)” ([CoinTelegraph](#)). In addition, at the 2020 World Economic Forum (WEF), WEF along with several central banks, have released a central bank digital currency (CBDC) toolkit, which will act as a “decision guide” to help policymakers navigate the digital currency landscape ([World Economic Forum](#)).

Tether has just released a new digital asset, Tether Gold (XAUt), which is pegged to one troy ounce of physical gold on a London Good Delivery gold bar. Tether Gold is primarily geared towards institutional investors as the minimum purchase price allowed is 50XAUt (50 troy ounces) or \$75,000. The tokens can be redeemed for the physical gold, which will be stored in a vault in Switzerland ([Cryptoslate](#)). As Tether seeks to be one of the first movers in the metals tokenization market, the startup is also venturing into the adult entertainment industry. Tether has just recently partnered up with the firm behind the 34th most popular website in the world, Pornhub. The adult entertainment website will now accept Tether’s US dollar-pegged stablecoin, USDT, and “will allow instant and zero-fee payments via the crypto wallet and browser extension “TronLink.” Pornhub adding support for the stablecoin, is in response to PayPal discontinuing its payment support for the adult entertainment website ([CoinTelegraph](#)). Although subtle, this is a groundbreaking advancement in digital asset markets as we are beginning to see digital asset technology replace traditional payment systems

Institutional capital has finally made its way into crypto. Grayscale has just recently reported a record-breaking \$600 million of inflows into its investment products, with 70% of the capital coming from institutions ([Decrypt](#)). However, Grayscale is not the only firm capitalizing on the trend. CME’s recent release of its regulated bitcoin options contracts is already doing \$5.3 million in daily volumes after only a week after its launch ([Cryptoslate](#)). Meanwhile, one of the world’s largest asset managers (\$63.8 billion AUM), Wisdom Tree, is planning to launch a regulated stablecoin. If Wisdom Tree successfully convinces the SEC that its stablecoin is regulatory compliant, unequivocally, Wisdom Tree’s brand equity in the traditional financial space will attract much institutional capital into its digital asset product ([Coindesk](#)).

Lastly, in altcoin news, the SEC continues its crackdown on Telegram. The SEC’s ongoing lawsuit against Telegram for its initial coin offering (ICO) of its cryptocurrency, GRAM, began



in 2019 claiming the token did not register its ICO with the SEC. Now, the SEC is stating that Telegram's cryptocurrency has no actual utility. Although the SEC has launched lawsuits against several ICO's, the SEC's lawsuit against Telegram is of such importance because Telegram raised a colossal \$1.7 billion, making it the second-largest ICO in history ([Coin Telegraph](#)). On a different note, California VC firm, Andra Capital has partnered up with the Tezos Foundation to issue Silicon Valley Coin (SVC) in a Security Token Offering (STO). SVC will be used by Andra Capital to invest in late-stage private technology companies. It is worth noting that Tezos is at the forefront of the STO space ([Crypto Potato](#)). With over "\$2.643 billion worth of STO's to be deployed on the Tezos blockchain", Tezos is helping to merge regulatory transparency with digital assets ([Medium](#)).