

April 15th - April 21st

PERSPECTIVES by Eric F. Risley


















One week does not make a trend, however, six M&A transactions were announced this past week, well above the weekly average of 2.8 over the past year.

Over the past 24 months, many of the most active historical acquirers have been mostly on the sidelines. For example, in 2021 the top four acquirers (Coinbase, Gemini, NYDIG, and The Graph) announced 18 acquisitions. That same group only announced 1 in 2023 (Coinbase's acquisition of One River Digital).

This week, one of the leading global exchanges, Kraken, announced the acquisition of TradeStation's Crypto business. TradeStation offers sophisticated individual traders and institutional investors a variety of analytics and trading tools, combined with execution services. TradeStation has built its business in traditional equities, options and futures markets and entered the crypto markets in 2020 but found itself in the crosshairs of the SEC with its own version of an "earn" product. TradeStation announced a settlement with the SEC which included a **decision to exit the crypto business**. Kraken's acquisition is decidedly under the theme of regulatory licensing. In this case, acquiring a portfolio of money transmitter licenses (MTLs) in **49 US states or territories**. Regulatory licensing has been and will continue to be a driver of M&A for the foreseeable future.

Web3 gaming, another major theme with the promise to deliver critically important non-speculative use cases for our industry, was also present this week with the acquisition of Stake Sports Better by Infinite Reality. We are closely following the emergence of a new class of Web3 games this year. In fact, venture funding in Web3 gaming has been almost \$35B from 2021 through 2023, according to Pitchbook. This investment is beginning to demonstrate itself with a strong pipeline of well funded AAA games. **Immutable**, the leading platform offering game developers a full suite of capabilities to build, distribute and monetize Web3 games, counts over 220 AAA games this year. Architect Partners believe it's likely that Web3 games will drive tens of millions of users into the crypto ecosystem over the next several years, critically important to solidifying blockchain and crypto as an important next generation platform, as highlighted in our recently published **Family Ties: The Internet and Crypto**.

RECENT CRYPTO M&A TRANSACTIONS (click here for full AP M&A Tracker)

Target	Acquirer	Transaction Summary	AP M&A Alert
		<p>Transaction Value: \$8M, all-stock Rationale: Expanded product set + engineering team Sector: DApp: Games Target Description: Social sports platform, offering trivia, collectibles, and competitions for consumers.</p>	
		<p>Transaction Value: Not Disclosed Rationale: Geographic expansion Sector: Brokers & Exchanges Target Description: Digital asset division of TradeStation with 49 MTLs</p>	
	 	<p>Transaction Value: Not Disclosed Rationale: Combined entity product set expansion Sector: Investing & Trading Infrastructure Target Description: On chain financial services provider for payments and tokenization.</p>	
		<p>Transaction Value: Not Disclosed Rationale: Expanded product set Sector: Investing & Trading Infrastructure Target Description: Single dashboard treasury management platform for protocols and DAOs.</p>	
		<p>Transaction Value: Not Disclosed Rationale: Expanded product set Sector: Payments Infrastructure Target Description: Web3 loyalty rewards platform allowing for payments for goods through users' self-custody solution.</p>	
		<p>Transaction Value: Not Disclosed Rationale: Increased product features + user base Sector: Investing & Trading Infrastructure Target Description: Self-custody wallet focused on stablecoins.</p>	