

July 15<sup>th</sup> - July 21<sup>st</sup>

## PERSPECTIVES by Eric F. Risley

### “The Banks are Coming”

Investors are attracted to themes as a way to articulate long-term trends and select investments which offer an opportunity to benefit from that trend. Thematic investing is the common label for this approach. Crypto often calls this a “narrative”, of which we’ve seen many come and go over the past decade. These narratives are useful and important, however, if proven wrong, can be even more destructive. Credibility is eventually destroyed. It’s probably fair to say our industry has some credibility issues.

A persistent crypto narrative has been “the institutions are coming”. This statement has two underlying elements.

First, institutional investors will drive immense levels of fresh demand for crypto assets once they enter the market. This demand will propel crypto values upward. A reasonable proposition, however, the facts only modestly support this theme. According to **Institutional Investor**, the bible periodical of professional money managers, only 31% of global investable wealth is managed by institutional investors and is trending lower quickly. To put it another way, retail investors control the vast majority (61%) of investment decisions, not institutions!

Perhaps more comforting is the second element of the narrative, institutional investors can help solve crypto’s credibility problem. Once professional investors are convinced, an important barrier to broad acceptance as an investable asset class is secured. This gets back to the credibility issue we’ve created. Simply put, our industry needs greater credibility.

The past few weeks have demonstrated that a particular form of financial institution does appear to be coming, banks. This week Standard Chartered and SBI backed Zodia Markets, announced the acquisition of Elwood’s OTC crypto asset trading operations. Even more telling was the recent announcements by Standard Chartered, Itau and Santander have announced various forms of a crypto trading offering.

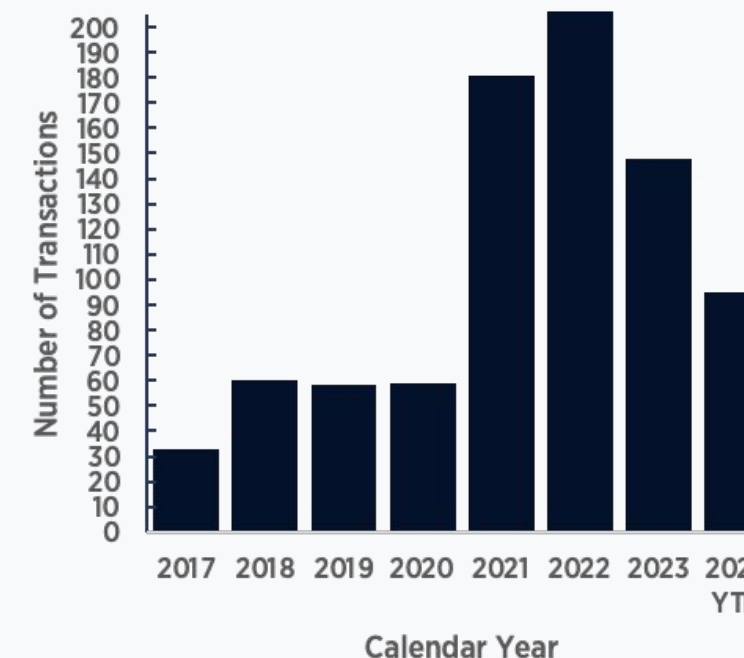
Little by little becomes a lot with time.

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

Target	Acquirer	Transaction Summary	AP M&A Alert
True Ally (A Discovery World Company)	Undisclosed Investors	<p><b>Transaction Value:</b> \$0.07M, Cash  <b>Rationale:</b> Cost efficiency  <b>Sector:</b> Developer Tools &amp; Infrastructure  <b>Target Description:</b> Blockchain gaming and metaverse ecosystem for the crypto &amp; NFT industry.</p>	○
		<p><b>Transaction Value:</b> Not Disclosed  <b>Rationale:</b> Product, geographic &amp; regulatory expansion  <b>Sector:</b> Investing &amp; Trading Infrastructure  <b>Target Description:</b> Digital Asset OTC trading business of Elwood, regulated by the Jersey Financial Services Commission.</p>	○

## OVERALL CRYPTO M&A ACTIVITY LEVELS

Past Seven Years



Past 52 Weeks

