

October 28th - November 3rd

PERSPECTIVES by Eric F. Risley

The age-old (or seemingly so at this point) question of crypto / digital assets / tokens vs. securities rears its head once again.













From an M&A perspective, crypto.com announced its initial foray into traditional securities markets via the acquisition of Watchdog Capital. Historically it has been the securities side entering the crypto markets, as well evidenced by **Robinhood's proposed acquisition of Bitstamp**. Of note, crypto.com's strategic move is a bit of a toe in the water vs. a full plunge. Watchdog Capital is **licensed** to operate as a equity and equity options broker in 53 U.S. states and territories and markets. However, it markets itself as a securities new issuance offering platform (i.e raising capital) rather than a business for buying and selling existing securities. Regardless, crypto.com used this announcement to signal their intention to offer the **"ability to engage with stock and options markets"**. The backdrop includes an ongoing battle with the SEC which involved a Well Notice issued in August and legal action by crypto.com against the SEC. It is important to note that any acquired licenses, as proposed in this case, must receive regulatory approval for transfer in M&A situations.

Separately, the debate over what constitutes a security arose with **Immutable**, the well-regarded blockchain-based game development, discovery and monetization platform. They announced the receipt of their own **Well Notice**, in this case appearing to take issue with the issuance of the IMX token in 2021. We will see how this plays out, however, if the SEC's concerns relate to the IMX token rather than in-game tokens, that would be encouraging overall.

Why does this all matter in the context of M&A? Today, M&A in our sector is being materially inhibited by regulatory uncertainty. That is true for both i) M&A within the crypto industry and ii) what we call "bridge transactions" where crypto and traditional businesses are involved.

Big upcoming week with the U.S. elections on Tuesday.

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

Target	Acquirer	Transaction Summary	AP M&A Alert
		<p>Transaction Value: ND Rationale: Expanding product offering to include Solana and Atlas Sector: Investing & Trading Infrastructure Target Description: Developer of a decentralized lending and borrowing platform focused on the Solana ecosystem</p>	
		<p>Transaction Value: ND Rationale: Expanding product reach and capabilities Sector: Mining & Staking Target Description: Technology solution to automate and manage hashrate contracts allowing for improved hashrate delivery</p>	
		<p>Transaction Value: ND Rationale: Expanding product capabilities Sector: Investing & Trading Infrastructure Target Description: Developer of an API-based self-custody wallet</p>	
		<p>Transaction Value: ND Rationale: Expanding product capabilities to include equity and equity options Sector: Brokers & Exchanges Target Description: Broker-dealer registered with the SEC and a member of FINRA and SIPC</p>	

OVERALL CRYPTO M&A ACTIVITY LEVELS

