

November 25th - December 1st

PERSPECTIVES by Eric F. Risley

It's time for a sense of urgency.

The portion of the crypto industry associated with investing is entering a new era. Like it or not, traditional financial institutions are coming.

This era is nothing like the mantra of 2020–early 2022, which was a positively biased investment narrative (“the institutions are coming”) suggesting that large institutional investors were beginning to allocate a portion of assets under management to crypto assets, driving demand.

Eleven months ago, two of the largest global money managers, BlackRock and Fidelity, formally entered our industry with a 30-year-old product: an exchange-traded fund (ETF) for Bitcoin. Today, these two ETFs combined now hold \$67.5 billion in Bitcoin, roughly 3.5% of the total Bitcoin supply, and are likely to become the second-largest single holder behind Satoshi Nakamoto. Today, not a single crypto-native broker or exchange can offer this form of product to their clients, as an ETF is a security and none have the necessary regulatory licensing.













Today, Robinhood, eToro, PayPal, Block, Interactive Brokers, and Fidelity all offer limited direct access to crypto assets and, with additional regulatory clarity, will broaden their support. Even more importantly, large banks and their associated securities brokerage businesses will begin offering crypto asset investing as regulations solidify. Think JP Morgan, BofA Securities, Morgan Stanley, HSBC, BNP Paribas, Charles Schwab, Barclays, UBS... These organizations have broad and deep client relationships (both institutional and retail investors), already manage the majority of global wealth, and can offer a full spectrum of investment alternatives, not just crypto.

As the phenomenon of “tokenization” takes hold, the majority of the use cases involve the creation of what are essentially tokenized securities. Again, traditional financial institutions dominate, and the crypto-native players are simply not prepared to even begin to compete, lacking regulatory licenses, origination or distribution capabilities, and the ability to trade these instruments due to lacking regulated exchange status.

The message is simple: Our industry will be quickly transitioning to a sense of strategic urgency as the competitive environment becomes more complex and competitive. Leading players like Coinbase, Kraken, OKX, Binance, and many more are well-positioned; however, over the next few years, each will need to transform in a variety of ways.

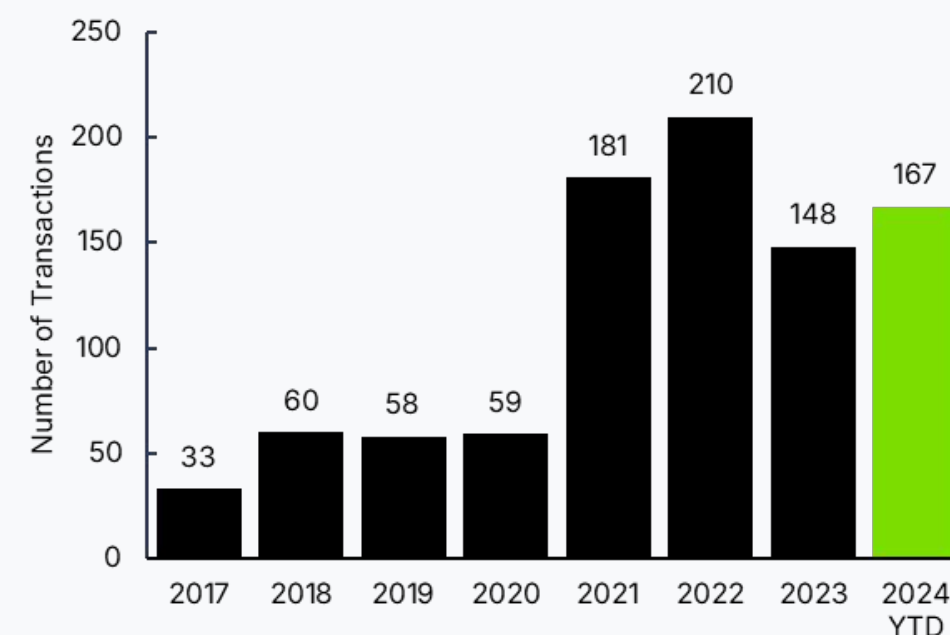
Crypto doesn't stand alone.

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

Target	Acquirer	Transaction Summary	M&A Alert
Future Tech, Inc.		Transaction Value: \$3.0M Rationale: Entry into crypto mining industry Sector: Mining & Staking Target Description: Provider of equipment and services to vertical farms in North America that recently formed NM Data, which will be a developer of bitcoin mining and data center hosting facilities in the U.S.	○
 Aer Compliance		Transaction Value: ND Rationale: Product & service capabilities expansion Sector: Enterprise Solutions Target Description: Developer of an employee trade compliance platform designed to combat insider trading, front-running, and conflicts of interest	○
		Transaction Value: ND Rationale: Product & service capabilities enhancement Sector: Investing & Trading infrastructure Target Description: Crypto asset management firm providing services such as cryptocurrency investment management, investment strategies, portfolio management, and fund security	○
		Transaction Value: ND Rationale: Product & service capabilities enhancement Sector: DApp: Investing & Trading Target Description: Offers real-time fraud detection, transaction simulation, and user alerts for Web3 wallets, now exclusively Phantom	○
	Undisclosed Lending Protocol	Transaction Value: ND Rationale: ND Sector: Investing & Trading Infrastructure Target Description: Developer of decentralized finance application designed to create derivative contracts as well as consumer-facing staking products for the retail audience	○
		Transaction Value: ND Rationale: Product & service capabilities enhancement and customer base expansion Sector: Consulting & Services Target Description: Offers services such as application development, custom software development, digital marketing, and blockchain applications	○
		Transaction Value: ND Rationale: Product & service capabilities expansion Sector: Payments Infrastructure Target Description: Provides a fully compliant, one-click on/off ramp payment solution that bridges crypto and fiat	○

OVERALL CRYPTO M&A ACTIVITY LEVELS

Past Eight Years



Past 52 Weeks

