

July 21st - July 27th

PERSPECTIVES by Eric F. Risley

Stablecoins Have Beaten Bitcoin

Blockstream's acquisition of Elysium Labs brought to mind the "Bitcoin vs. everything else" debate.

So far, the vision of Bitcoin as a form of payment has been unrealized. Stablecoins have won. As highlighted in our recent **Crypto Payments & Infrastructure: The Strategic Opportunity**, stablecoins represent \$7.1 trillion in annual normalized volume of transactions. By comparison, Bitcoin's payment-optimized L2, the Lightning Network, volume remains in the low single-digit billions per year. So far, stablecoins have won due to:

- **U.S. Dollar Preference:** Virtually all stablecoins are pegged to the U.S. dollar, the dominant, often preferred, global currency.
- **Lack of Price Volatility:** The U.S. dollar peg eliminates concern over Bitcoin's price volatility.
- **Spending vs. Investing:** Bitcoin is widely seen as an appreciating investment, not something used for day-to-day payments.
- **Low fees, quick settlement, easy, and now with regulatory clarity:** Sending stablecoins is fast, costs just pennies, and is now widely integrated into exchanges, apps, and wallets, appealing for all parties in the transaction. Recently advanced stablecoin legislation offers the comfort of regulatory legitimacy.

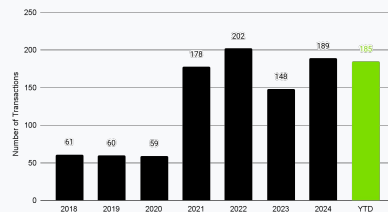
What could change over the next few years to reverse this trend? Well, Bitcoin has a number of important differentiators and perhaps relative advantages. These include the lack of a centralized issuer reducing or eliminating counterparty and censorship risks, privacy advantages, finality of transactions, and inflation protection. We will explore this topic in more detail next week.

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

Target	Acquirer	Transaction Summary	M&A Alert
The Ether Machine	Dynamix	Transaction Value: \$1.6B Rationale: Launched public Ethereum-yield vehicle Sector: Investing & Trading Infrastructure Target Description: Ethereum treasury strategy	○
CALASTONE	SS&C	Transaction Value: \$1B Rationale: Combines SS&C's automation with Calastone's fund network to digitize global fund transactions Sector: Investing & Trading Infrastructure Target Description: Global funds network that processing over \$325M in investments monthly	○
STABLECOINX	TLGY Acquisition	Transaction Value: \$393M Rationale: SPAC merger to list validator/infrastructure company supporting Ethena Sector: Investing & Trading Infrastructure Target Description: Ethena treasury strategy	○
AI CyberForge	emudhra	Transaction Value: \$4.5M Rationale: Boosts emudhra's cybersecurity suite with PKI, automation, and US expansion Sector: Data & Data Analytics Target Description: AI-driven cybersecurity solutions which covers several products including crypto-as-a-service	○
10T	50T	Transaction Value: Not disclosed Rationale: Merger launches growth fund targeting structured downside-protected digital asset investments Sector: Investing & Trading Infrastructure Target Description: Growth equity fund investing in digital assets	○
DEUTSCHE DIGITAL ASSETS	ARCHAX	Transaction Value: Not disclosed Rationale: Expands product capabilities to include crypto ETPs and expands EU presence Sector: Investing & Trading Infrastructure Target Description: Platform for regulated digital asset management	○
elysium lab	Blockstream	Transaction Value: Not disclosed Rationale: Establishes European HQ and expand Bitcoin infrastructure R&D Sector: Investing & Trading Infrastructure Target Description: Non-custodial cold wallet using keyless security for private, secure crypto trading and storage	○
Inspertia	AladdinTech	Transaction Value: Not disclosed Rationale: Acquired licensed Polish VASP to strengthen Aladdin's regulatory compliance and EU footprint Sector: Brokers & Exchanges Target Description: Warsaw-based crypto exchange offering BTC and USD transfers via SEPA bank transfers	○

OVERALL CRYPTO M&A ACTIVITY LEVELS

Past Eight Years



Past 52 Weeks

