BITFINEX Alpha

Issue: 20-02-2023

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EXECUTIVE SUMMARY

It's been another action-packed week, with data out suggesting future rate hikes could still be quite aggressive. Inflation came in hotter this January, and although on an annual basis, headline CPI is declining, select consumer spending categories show that it remains persistent. It all adds up to a likely delay in any return to the Fed's two percent target rate, and rate hikes that could exceed 25 basis points at the next FOMC meeting in March.

While inflation poses a recession risk, another threat that looms is Washington DC's struggle to find common ground to address the US debt crisis. We take a closer look to understand the country's public debt, its role in the global financial system and the economic ramifications if the US defaults on its debt by failing to raise the debt ceiling.

As the US runs out of credit, high inflation and interest rates have already taken a serious hit on debt-laden companies, which is leading to massive layoffs, however, despite this, the business sector remains resilient, with initial claims for unemployment coming in lower than expected, while producer inflation is stronger than expected.

The housing market is the only sector showing signs of a cooling economy, but even that is indicating some upside risk as builder confidence grows. This, together with the strong economic reports last week, means that a rate hike higher than 25 basis points remains on the table.

In our On-chain section, we examine BTC's run-up to $25000, which is an eight-month high for the asset and delve into the short liquidations that have fueled the spike up in prices and discuss what to expect from where the price is right now.

The options markets had been demonstrating bullish leanings but now maintains a neutral outlook on the market. We analyse the 25 percent delta skew to get a better reading on market sentiment. Further, we present data which indicates new capital is flowing into the market for the first time in a year. Bitcoin shrimp addresses have reached a new all-time high at 43.2 million.

It all makes for a very mixed crypto market outlook.

In the Crypto-sphere, the SEC continues to impose tougher regulation, Binance indicates it is expecting to pay more fines to resolve ongoing US regulatory probes, and the SEC chases Do Kwon over an alleged litany of fraudulent schemes.

While the situation gets tough for some, we still see a lot of positive developments, including a growing number of financial institutions offering cryptocurrency trading services - the most recent of which is Interactive Brokers in Hong Kong.

Have a good trading week!

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GENERAL MARKET UPDATE

Inflation Accelerated in January: More Hikes?

The rate of inflation rose in January supporting the case for more rate hikes from the Fed. From a 0.1 percent month-over-month (MoM) decrease in December, January's Consumer Price index (CPI) accelerated by 0.5 percent on the month according to the Bureau of Labor Statistics.

Consumer Price Index (CPI) January 2023		
	Current (period)	Previous (period)
Month-Over-Month, All items - CPI	0.5 percent (January)	-0.1 percent (December)
Month-Over-Month, Core CPI	0.4 percent (January)	0.3 percent (December)
Year-Over-Year, All items - CPI	6.4 percent (January)	6.5 (December)
Year-Over-Year, Core CPI	5.6 percent (January)	5.7 (December)

Figure 1. Summary of CPI report from Bureau of Labour Statistics

The recent CPI print also supports *Bitfinex Alpha's* view that this year will be a bumpy road for the Fed in bringing down inflation and that any speculation of a rate cut is premature. As reaffirmed by January's CPI data, we still foresee more rate hikes for the March and May FOMC meetings.

Core inflation, which excludes the volatile components of food and energy, grew by 0.4 percent MoM in January, slightly higher compared to 0.3 percent from a month ago. Year-over-year (YoY), inflation in January grew by 5.6 percent, down from a YoY growth of 5.7 in December.

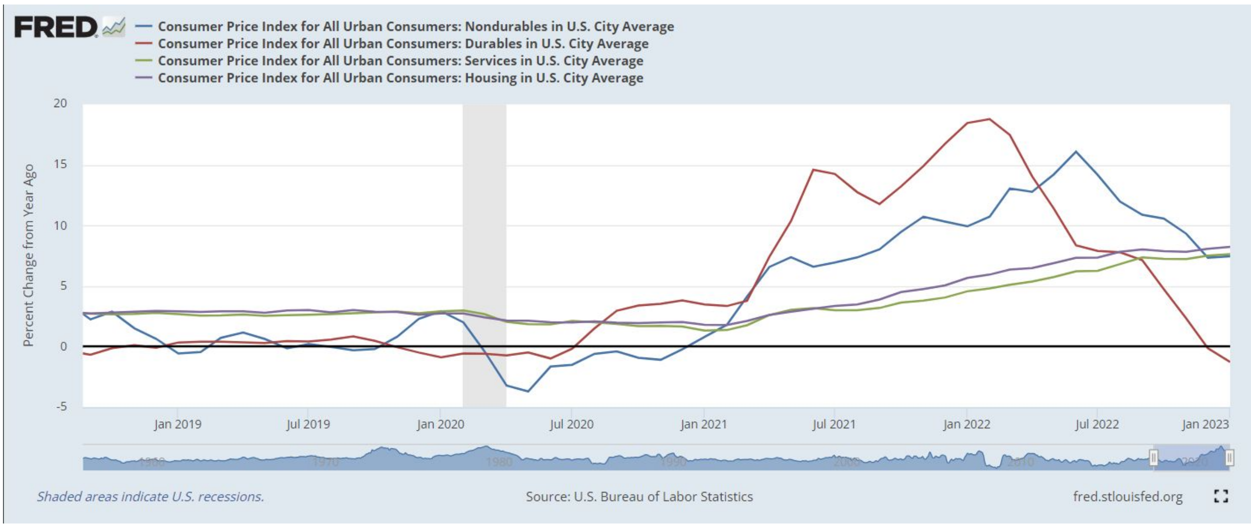


Figure 2. Consumer Price Index and its components in the past three years (Source: Bureau of Labour Statistics)

There are however, areas in the current inflation report that shows very little to no improvement. One is non-durable goods that are disposable over a short period of time, like food, pharmaceuticals and household products. Inflation in this category continues to rise, with a YoY change of 7.4 percent, up from 7.3 percent in December.

Another sector that lags the YoY decline in core inflation is housing. The housing sector has experienced an 8.2 percent price increase compared to a year ago, and has been on the rise since March 2021. While the mortgage rate has increased in line with rising interest rates, this has so far failed to cool the housing sector as the components of housing inflation are broad and also influenced by supply problems.

Lastly, the Fed's most closely watched CPI component: services prices, remains stubbornly high. YoY services prices are currently up 7.6 percent, the highest in more than four decades. Services prices are often labour-intensive, making them less responsive to changes in supply and demand - especially in a currently-resilient labour market. Moreover, services are mostly subject to long-term contracts and agreements and often subject to regulatory and legal constraints. Hence, services inflation is expected to be a sticky component of the CPI and will likely be the final leg in the Fed's inflation battle.

With an uptick in MoM inflation this January, it is important to remember that one month does not make a trend. On an annual basis, both headline and core inflation still continue to fall. Prices of goods and services (headline inflation) were 6.4 percent higher in January 2023, than in 2022 - the lowest YoY increase since October 2021. YoY inflation has been declining for seven months in a row.

Monthly fluctuations can happen, and so far, inflation is broadly decelerating. However, questions remain about whether this trend will continue and how quickly inflation will cool down, considering the sticky components in the CPI.

A Close Look at the US Debt Crisis

On Wednesday February 15th, Washington's feuding politicians were essentially told by [non-partisan budget analysts in Congress] that the continued failure to agree on a new debt ceiling was in danger of causing an economic disaster.

Budget negotiations have been heating up between congressional republicans and President Joe Biden's negotiators, with far-right Republicans refusing to raise the debt ceiling. The US debt crisis is more than just a political fight and has real economic ramifications beyond Washington DC. On its current course, the national debt can easily go up by $19 trillion from $31.4 trillion, over the next decade. To make things worse, if Congress does not increase the debt ceiling, the US government will be unable to pay its bills by the third quarter of this year, according to the Congressional Budget Office. The Treasury Department has already implemented "extraordinary measures" to ensure that payments are paid now, but this strategy will not be sufficient in the coming months.

The debt ceiling is the maximum amount that the United States government can borrow and is used to settle bills that have already been incurred. Of the total $31.4 trillion in debt, 76 percent is in marketable securities held by the public. These are the Treasury bills, notes and bonds that play a fundamental role in the financial system and the growth of the American economy. The rest of the debt is held in non-marketable securities. These are illiquid securities that do not have an active secondary market. Examples are US savings bonds and government account series for federal pensions and other agencies. Withholding payments in non-marketable securities is the "extraordinary measure" that the Treasury Department is implementing to postpone the default on marketable securities.

U.S. Treasury monthly statement of the public debt

As of Dec. 31, 2022 (in billions of dollars)

	Debt held by the public	Intragovermental holdings	Total public debt outstanding
Marketable security class			
Bills (12-months or less)	3,696	1.22	3,697
Notes (2 to 10-year maturity)	13,745	6.61	13,752
Bonds (20 to 30-year maturity)	3,953	7.22	3,960
Treasury Inflation-Protected Securities	1,907	0.77	1,908
Floating rate notes	617	0.01	617
Federal financing bank	-	4.85	5
Total marketable securities	**23,919**	**20.66**	**23,939**
Nonmarketable security class			
Domestic series	24	-	24
Foreign series	0	-	0
State and local government series	100	-	100
United States savings securities	173	-	173
Government account series	298	6,881	7,179
Other	4	-	4
Total nonmarketable securities	**599**	**6,881**	**7,480**
Total public debt outstanding	**24,518**	**6,902**	**31,420**

Source: U.S. Treasury; RSM US

Figure 3. US Treasury Monthly Statement of Public Debt (Source: US Treasury, RSM US)

70 percent of the US marketable debt is domestically held, of which 47 percent is held by the public and 23 percent, by the Federal Reserve. The majority of the Fed's holdings have come from the quantitative easing programme implemented during the 2008-9 financial crisis and the money printing frenzy in response to the Covid-19 pandemic. The Fed purchased Treasury and mortgage-backed securities to provide liquidity in the financial and housing markets and stimulate the economy.

Thirty percent of U.S. marketable debt is held by foreign investors, mostly for international trade and financial investments. As the Federal Reserve implements quantitative tightening, we expect the central bank's holdings to progressively decrease toward their average level before the financial crisis, which was around $680 billion, assuming there's no new economic crisis.

The largest share of US debt held by a foreign investor is Japan, at 15 percent. This is followed by China at 13 percent and United Kingdom at nine percent.

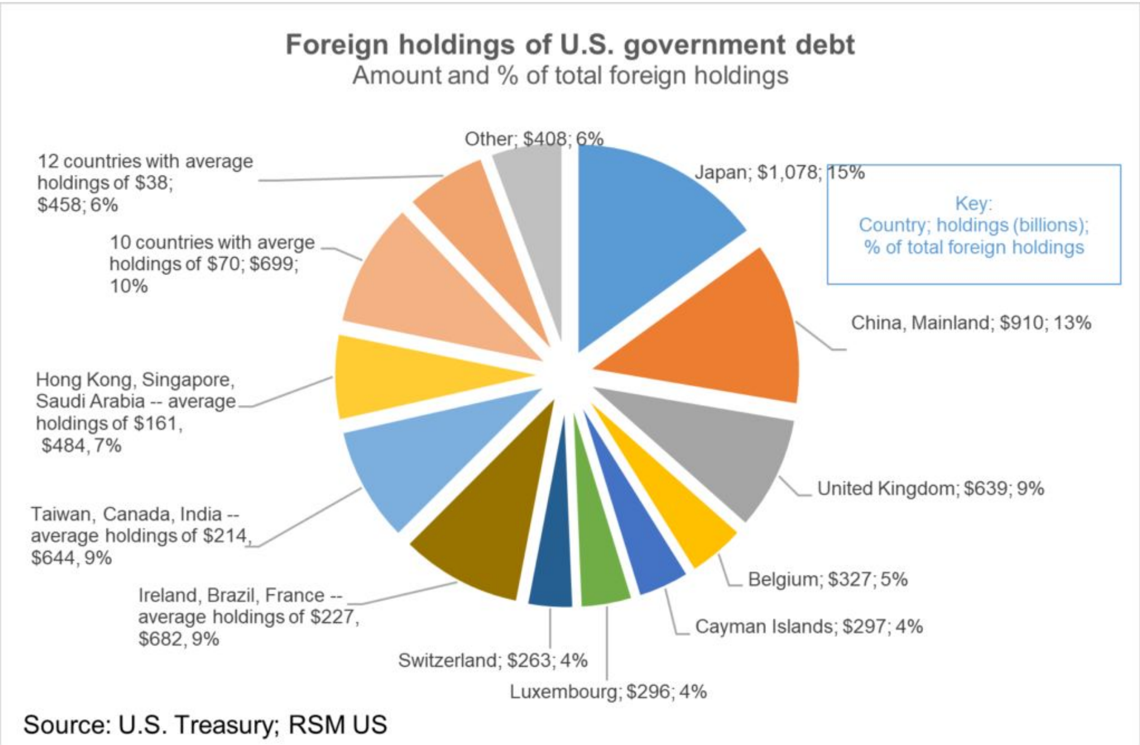


Figure 4. Foreign Holdings of US government Debt (Source: US Treasury, RSM US)

What if the US defaults? Will foreign investors still want to hold US debt? The Federal Reserve published a report analysing US securities purchases during the pandemic. The report shows that there's little evidence showing that investors have lost trust in the safe-haven status of the US dollar during the sell-off in 2020 when investors swarmed to cash. The report shows that US dollar-denominated assets remain a safe haven in a time of financial crisis. Of course, the current debt crisis and a potential debt default is a far different situation from the shock of the pandemic.

The US has survived for generations on credit, but the debt is becoming increasingly burdensome due to rising interest rates, which forces the government to spend more to service its debt, thereby worsening the debt problem.

Studies show that if the US defaults on its debt, it will shed three million jobs, the average cost of a 30-year mortgage would increase by $130,000, and the 401(k) savings of a typical worker close to retirement would decrease by $20,000. Throughout American history, the U.S. economy has relied on international funding. And since 1944, the U.S. dollar and U.S. financial system have played a dominant role in global financial and economic stability. So, a default would be a catastrophe to the world financial system.

Treasury bonds constitute a cornerstone of domestic and worldwide investment. A drop in American borrower confidence could also lead to higher interest rates on loans for some businesses, hampering economic activity at a time when the U.S. faces heightened recession risk. Moreover, the stock market would tank, hence putting millions of Americans' retirement funds at risk.

In the financial crisis of 2008-2009, the Federal Reserve and US Treasury became global lenders. If the US were to default, it would not be able to take that role. The Federal Reserve has already bought Treasuries of massive quantities during the Covid 19 pandemic. Hence, a political feud amidst a debt crisis is not in the best interest of the financial market and the whole American economy. The longer the debt-ceiling fight drags on, the damage can vastly exceed what's currently projected.

Producer Inflation and Job Data: A resilient US Economy

Producer Price Index (PPI) January 2023		
	Current (period)	Previous (period)
Month-Over-Month, All items - PPI	0.7 percent (January)	-0.2 percent (December)
Month-Over-Month, Core PPI	0.6 percent (January)	0.2 percent (December)
Year-Over-Year, All items - PPI	6.0 percent (January)	6.5 percent (December)
Year-Over-Year, Core PPI	4.5 percent (January)	4.7 percent (December)
Jobless Claims January 2023		
Initial Jobless Claims	194,000 (February 11)	195,000 (February 4)
Continuing Jobless Claims	1.70 million (February 4)	1.69 million (January 28)
Housing Markets January 2023		
Building Permits (January)	1.34 million (0.1 percent)	1.34 million
Housing Starts	1.31 million (-4.5 percent)	1.37 million (-3.4 percent)

Figure 5. Summary of Economic Reports On Thursday, February 16

On Thursday, February 16, producer price inflation came in stronger than expected putting more pressure on the Fed in their fight against inflation. The headline number for Producer price index (PPI) inflation rose by 0.7 percent in January, following an 0.2 percent drop in December. This is higher than the *Wall Street Journal*'s polled economist forecast of 0.4 percent, and is the largest gain since June 2022. PPI is a measure of the average change over time in prices charged by domestic producers for their goods and services. It provides insights into the future direction of inflation as changes in producer prices are eventually passed on to consumers. The current report suggests that it is too soon to say that inflation is moderating and on a sustainable downward trend.

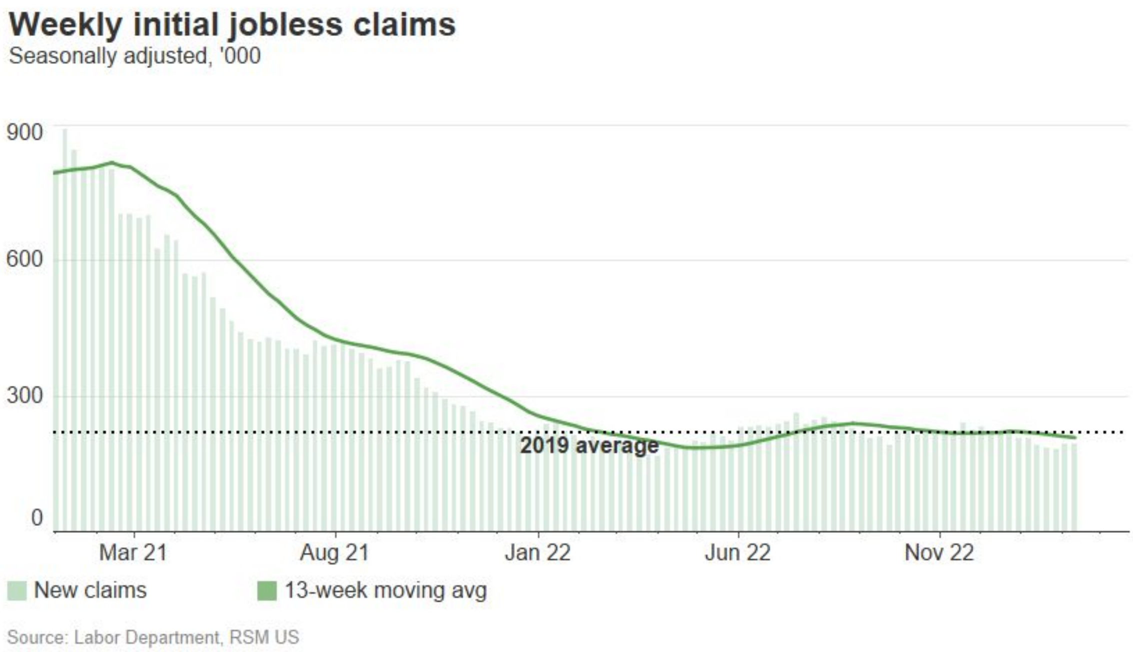


Figure 6. Weekly Initial Jobless Claims (Source: Labour Department, RSM US)

Meanwhile, the labour market remains resilient, with the latest weekly unemployment claim numbers coming in at 194,000, which is lower than the projected number by the *Wall Street Journal*'s polled economists, at 200,000. One of the best indicators of whether the economy is growing or slowing down is the number of people applying for unemployment benefits and so far, the number has stayed very close to record lows. Hence the economy is still growing faster than the Fed wants as it puts upward pressure on inflation.

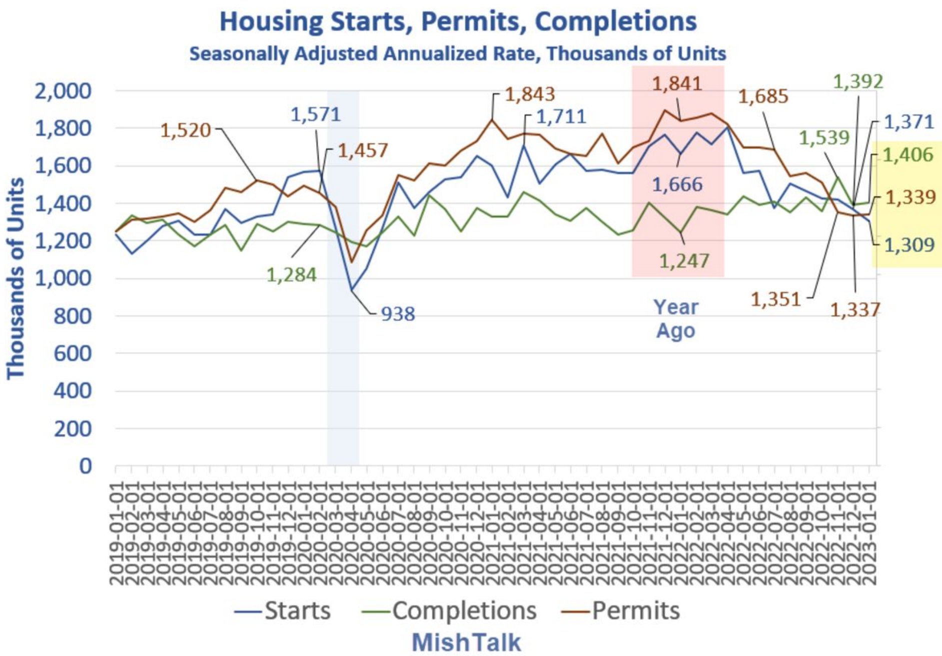


Figure 7. Housing Starts, Permits and Completions (Source: Mishtalk)

The latest report on housing starts and permits was also released on Thursday. The housing market remains one of the few Fed indicators that shows a cooling US economy. According to the Commerce Department, housing starts, or the beginning of construction of a new residential unit, dropped again in January by 4.5 percent, compared to a 3.4 percent drop in December. Housing starts are at the lowest level since June 2020, the height of the coronavirus outbreak. Housing starts have been declining for five consecutive months. Building permits, a proxy for future starts, remain relatively flat with only a slight increase of 0.1 percent, after falling by one percent in December.

However, the National Association of Home Builders (NAHB) report on Wednesday, February 15, could foreshadow a turnaround in the housing market later this year as home builders show the highest improvement in confidence since September. The monthly gauge in builder confidence increased to 42 in January. The measure asks home builders their view on present conditions for sales and expectations for the next six months. A level above 50 represents positive sentiment. Though overall, the gauge remains negative, this is the highest monthly gain since June 2013, excluding the sharp recovery after Covid Lockdowns in 2020.

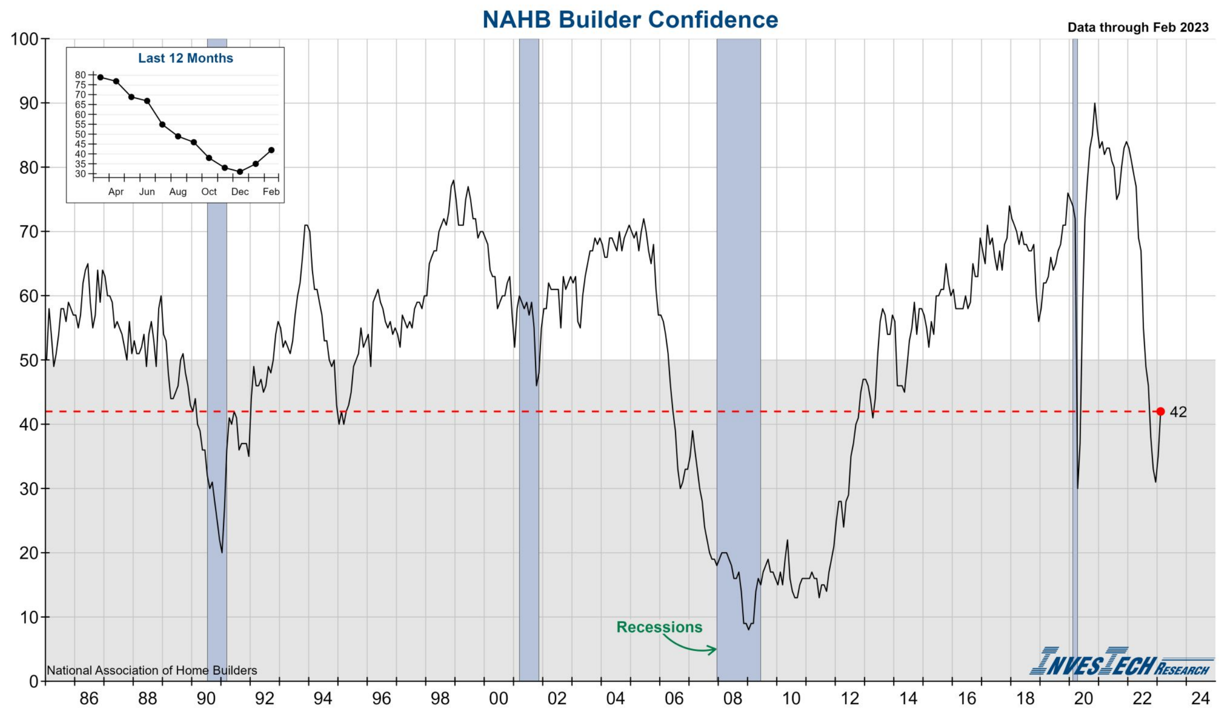


Figure 8. NAHB Builder Confidence Index (Source: National Association of Home Builders)

The producer inflation and jobs report last Thursday is a reminder that all market participants must exercise caution before increasing their risk appetite as these reports strengthen the case for more rate hikes at the March and May FOMC meetings. Though the housing sector appears to be cooling, the builder confidence index suggests a potential rebound. With the Federal Reserve paying close attention to consumer and producer prices, labour demand and housing market conditions, recent economic reports suggest that all possibilities, including a rate hike higher than 25 basis points, should remain on the table.

WHAT'S ON-CHAIN THIS WEEK?

Bitcoin Price Hits Eight-Month High

In the last seven days, BTC hit an eight-month high, touching $25000. Massive short liquidations fueled the move. While we failed to close a daily candle above this massive psychological and technical level, this is another significant step forward for the asset as we continue to see out what we believe are the latter stages of a gruesome bear market.

While the past few editions of *Bitfinex Alpha* have focused on longer-term on-chain indicators all turning bullish, we see that the price has also continued to rally after a short pullback. This week, we focus on more real-time price action and investigate the reason for last week's 10 percent upswing, resulting in yet another green weekly candle.

Figure 9. Bitfinex BTC Net Shorts vs Price

When the BTC price broke above the $22,500 resistance to hit new highs, the move was caused by hunting short stops and liquidations at higher price levels. The net shorts on Bitfinex fell by over 45 percent (at the time of writing) during the rally.

Figure 10. Total Liquidations on BTC derivatives. (source: coinglass)

The February 15th BTC move to $25,000 was borne of over $155 million worth of short liquidations.

Prior to this, the BTC price had dropped to $21,500 on February 10th in a move we had been forecasting over the past two weeks. Despite this, the rapid depreciation in price ultimately caught market participants off-guard as it was accompanied by $250 million in long liquidations. Thus, over the past two weeks, the BTC price has been hunting both over-leveraged long positions, as well as liquidating over-eager shorts. It reached an eight month high in the process.

The intra-day rally that took BTC to $25,000 last week was due to the latest Mt. Gox news as covered in the *News Section* and was short-lived. Another sharp but short-lived pullback caught out some short-term bullish speculators off-guard who were betting on a push to the upper $25,000-$26,000s on Thursday, February 16th, as evidenced by a spike in long position liquidations on that day. Profit-taking in the wake of the recent rally and a stop-run on those who had gotten overly aggressive chasing the upside might well send Bitcoin back below $24,000 in the week ahead.

Historically, this type of price action, where both the longs and shorts are wiped off simultaneously, has resulted in a range formation. The most probable move going forward is to scale out of positions partially and wait for the range to form without a strong directional bias.

Options Market Suggests Short-term Now Neutral

The Bitcoin options market is currently neutral in the short-term. This is indicated by the fact that the Bitcoin 25 percent delta skew of options expiring in seven, 30, 60, 90 and 180 days are all currently around zero, suggesting that investors are placing roughly equal value on put and call options.

The 25 delta skew measures the price of a call option with a delta of 0.25 and the price of a put option that has a delta of 0.25. If the skew increases then puts are becoming more expensive than calls; if the skew decreases, call premiums are going up against put premiums. This is a great tool to understand market sentiment for the options market and how traders with large sizes are positioning themselves.

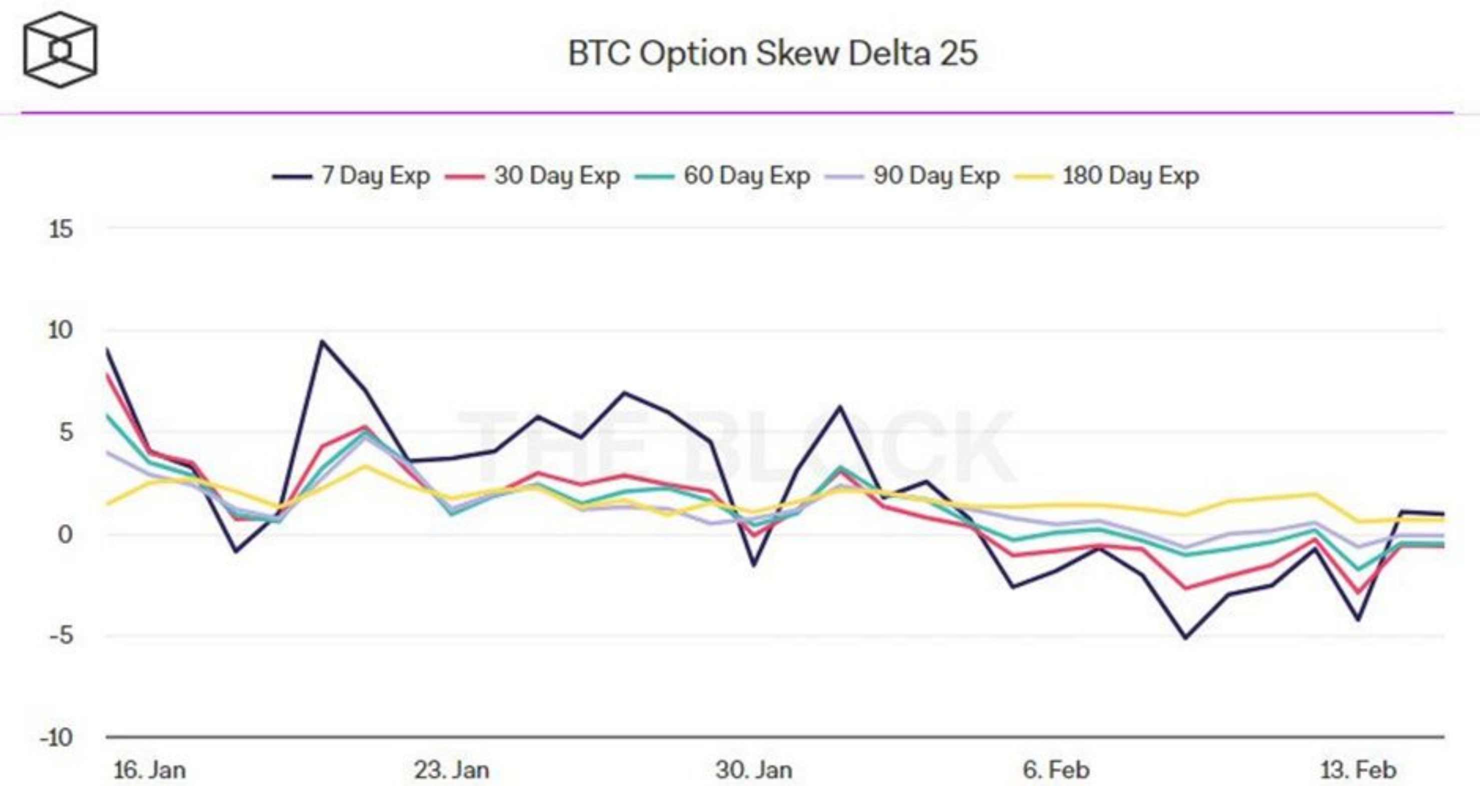


Figure 11. BTC Option Skew Delta 25 percent. (source: The Block)

The bullish signal from previous weeks can now be considered to have played out, as the delta skew is a highly dynamic indicator. Options market participants are mostly “macro-weighted”, as in they monitor the outlook for US growth, inflation and monetary policy. However, Bitcoin and the broader crypto markets have been remarkably resilient recently.

Is There An Influx Of New Capital?

Bitcoin addresses with under 0.01 BTC recently hit all-time highs above 32.6 million. Bitcoin "shrimp" addresses, defined as holding under one BTC, also recently hit a new all-time high above 43.2 million.

Figure 12. Bitcoin address count with under 0.01 BTC. (source: glassnode)

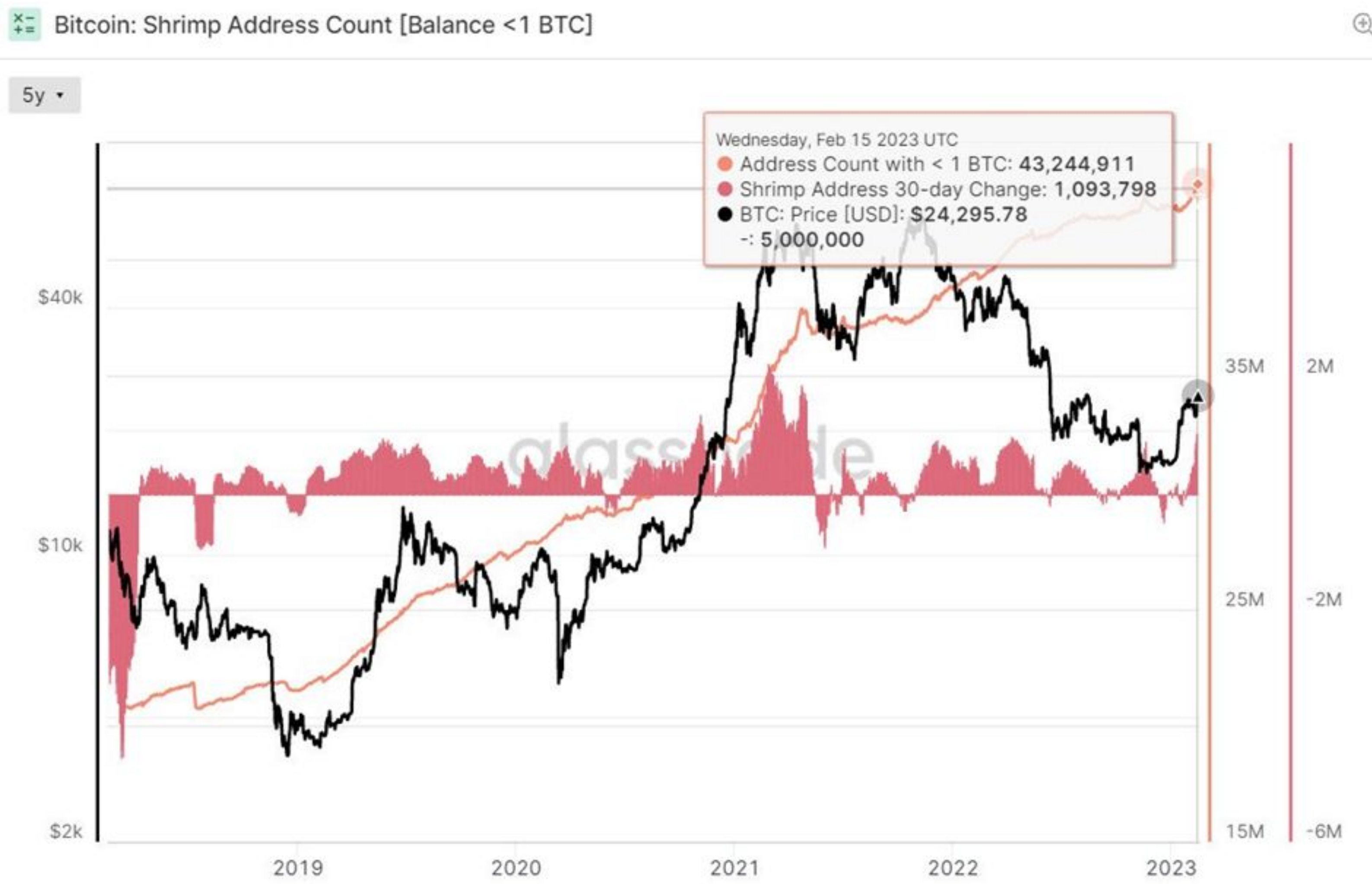


Figure 13. Bitcoin "Shrimp" address count with under one BTC balance. (source: glassnode)

The number of Bitcoin wallet addresses holding a non-zero balance recently surged above 44 million for the first time. This growth has unsurprisingly been driven by a surge in the number of wallets holding a small BTC balance. This suggests an influx of new investors, likely helping drive the recent gains for Bitcoin.

Traditionally, during a Bitcoin bear market, the balance of wealth in BTC tends to concentrate in the hands of investors with presumably greater conviction. It has historically been a sign that a new Bitcoin bull market is starting and that new investors are starting to enter the market when this concentration of BTC wealth starts to shift in the other direction.

However, it's worth noting that this is a snapshot of the current situation and does not necessarily provide a complete picture of capital flows into the Bitcoin market over a longer period.

NEWS FROM THE CRYPTO-SPHERE

Binance Expects to Pay Penalties to Resolve US Investigation

Figure 14. Binance CEO Changpeng Zhao at a conference

On February 15, it was reported that Binance expects to pay fines to resolve ongoing US regulatory and law-enforcement investigations of its business.

Binance's Chief Strategy Officer, Patrick Hillman, acknowledged that the company grew quickly and began as a business powered by software engineers unfamiliar with laws and rules addressing the risk of bribery and corruption, money laundering, and economic sanctions. Hillman stated that the company is working with regulators to determine the remediation they need to make amends and that the likely outcome will be a fine, but the amount is for regulators to decide.

On February 13, the SEC issued a letter to crypto firm Paxos, claiming that the SEC is planning to sue the company over the issuance of BUSD, a US dollar stablecoin with Binance branding, and alleging that BUSD is an unregistered security. Paxos disagreed with the SEC staff's claims and stated that BUSD is not a security under federal securities laws, adding that they are prepared to litigate if necessary.

Binance CEO Changpeng Zhao (CZ) responded to claims on February 17 that Binance is considering pulling back from US partners, stating that the company has only pulled back on potential investments or bids on bankrupt companies in the US for now. He also said that it is false that Binance would delist all US-based tokens.

In addition, Binance moved $400 million from a bank account of Binance.US, which is supposed to be a separate exchange established for the US market, to a trading firm called "Merit Peak" that was managed by CZ. Binance US responded with a statement saying that ONLY Binance.US employees have access to Binance.US bank accounts and that Merit Peak stopped all activity on the platform in 2021.

Furthermore, CZ shared on February 17 a Tweet stating that BUSD's market cap dropped by $2.45 billion over the last seven days, with most of it moved to the USDt stablecoin.

These events suggest ongoing regulatory scrutiny of Binance and its operations in the US.

UK FCA Takes Action Against Unregistered Crypto ATM Operators

Figure 15. UK FCA works to disable unregistered crypto ATM operators

The recent action taken by the UK Financial Conduct Authority (FCA) against unregistered crypto ATM operators is part of the regulator's efforts to combat money laundering and illicit activities in the crypto industry.

The FCA's partnership with the West Yorkshire Police Digital Intelligence unit highlights the increasing focus on the use of technology and digital intelligence to identify and prosecute those who operate outside of regulatory frameworks.

The FCA's requirement for crypto asset exchange providers to be registered with the regulator and comply with UK Money Laundering Regulations is aimed at bringing crypto businesses in line with traditional financial services and ensuring that they meet the same standards of transparency and accountability.

Mark Steward, the Director of Enforcement and Market Oversight for the FCA warned that crypto products are currently unregulated and are high-risk. This warning reflects the FCA's concerns about the potential for fraud and market manipulation in the crypto industry.

Overall, the FCA's actions demonstrate the regulator's desire to ensure that the crypto industry operates within a robust regulatory framework that protects consumers and the wider financial system.

Celsius reaches a deal to sell its retail platform to NovaWulf

Figure 16. Celsius Releases Sale Plan, and Chose NovaWulf as Plan Sponsor

It was reported that **Celsius' debtors have agreed to sell the lending platform to NovaWulf Digital Management for a cash contribution between $45 million and $55 million.**

NovaWulf will then reorganize the company under a new name "NewCo" and become its new manager. The plan promises that NewCo will be a regulatory-compliant public reporting company 100 percent owned by the Earn Program creditors, with no involvement from Celsius' original founder.

Before Celsius' bankruptcy, the Earn Program allowed customers to deposit cryptocurrencies on Celsius' platform and receive as much as 18 percent annually. According to the now published sale plan, the Earn Program creditors will receive a significant distribution of liquid crypto, providing them a recovery of about 70 percent of the value of their deposits.

In addition, on February 14th, Celsius took legal action against its co-founder and former CEO Alex Mashinsky, his wife, and other former senior executives, alleging that they withdrew millions of dollars from Celsius while it was collapsing and caused losses worth billions of dollars through their actions, which were described as "negligent, reckless, and self-interested."

The SEC sued Do Kwon and the company he co-founded Terraform Labs

Figure 17. Terraform Labs co-founder Do Kwon

The U.S. Securities and Exchange Commission (SEC) sued Terraform Labs and its founder Do Kwon on Thursday, February 16. SEC's allegations were that Kwon and the company "engaged in a scheme to deceive and mislead investors in the US and other countries."

Terraform Labs is the company behind the failed TerraUSD stablecoin. The SEC released a 55-page document, late Thursday detailing various charges of fraud against the company and its founder.

The document included several startling discoveries. These are allegations that were previously just assumed or unknown but appear to have been confirmed by the SEC's investigation. The SEC's investigation alleged that the entire Terra system was a well-schemed fraud.

Below are major details of the SEC's discoveries:

1. TerraUSD was never a "stable" coin

In its most recent filing, the the SEC revealed that Terraform and Kwon secretly negotiated with a third party, that the third party would purchase huge amounts of UST to restore the $1.00 peg in May 2021, after it experienced a small and short depegging from $1 price. The TerraUSD was quick to return to $1.

Yet, this bailout was kept under wraps. Kwon and others instead pointed to the fact that the peg was restored in May 2021 as evidence that terraUSD was "automatically self-healing." The SEC claims this story is entirely made up, and played a crucial role in luring in more investors into the ecosystem.

2. The Chai "deal" was a complete fabrication

It's common knowledge at this point that Do Kwon exaggerated the depth and duration of Terra's connection to the Chai payments network, a popular South Korean e-commerce payments system. Kwon claimed that Chai was utilizing Terra for payments processing long after their partnership had terminated.

Yet, the SEC exposed a more shocking allegation about Chai and Terra. The SEC explains how the company uses what is internally known in Terraform Labs as "LP Server" to replicate the real transactions that Chai was processing in Korean won. The charges state that no actual Chai transactions occurred on the blockchain.

In other words, Do Kwon not only misled investors about the nature of the Chai-Terra relationship but also set up what the SEC alleges was an entirely fraudulent server to move fictitious funds around and make it appear as though real transactions were taking place on the blockchain.

3. Do Kwon and his allies have been withdrawing huge funds

There have been many attempts to trace the funds, mostly in Bitcoin, that left Terraform Labs and related organizations since Terra system's demise. A South Korean news outlet recently claimed to have witnessed Do Kwon withdrawing almost $100,000 worth of Bitcoin from a bank in Serbia.

According to the SEC, approximately 10,000 Bitcoin were transferred from Terraform and Luna Foundation Guard accounts to an un-hosted wallet. Since June of 2022, the SEC says that the defendants have transferred approximately $100,000,000 in Bitcoin to a Swiss bank account to withdraw local currency.

The SEC appears to have done significant due diligence in this case given the abundance of new information from its charging document. Neither Terraform Labs nor Kwon have commented on whether or not they intend to settle with the SEC, and the SEC has not revealed the amount of penalties that could be involved in any settlement. To the extent that it is operational, Terraform Labs could challenge the allegations in court, just as Ripple and others have done. However , since the project has failed and little is left to defend, it is uncertain that it will attempt a more extensive fight against the regulators

Interactive Brokers Launches Cryptocurrency Trading in Hong Kong

Figure 18. Professional investor clients of Interactive Brokers in Hong Kong will be able to trade cryptocurrencies

According to a press release on February 13th, Interactive brokers, an automated global electronic broker, announced its launch of cryptocurrency trading in Hong Kong.

Interactive Brokers has joined the growing list of financial institutions offering cryptocurrency trading services to their clients. It is working with cryptocurrency exchange OSL Digital Securities to enable professional Investor clients of Interactive Brokers Hong Kong to trade Bitcoin (BTC) and Ethereum (ETH). The move may help to further legitimize the use of digital assets in traditional finance and potentially attract more institutional investors to the crypto market.

Clients who meet the eligibility criteria, including individuals with investable assets of over 8 million Hong Kong Dollars or institutions with assets exceeding 40 million Hong Kong Dollars, and who are residents of Hong Kong, can now trade cryptocurrencies on the Interactive Brokers platform alongside other asset classes like stocks, options, futures and bonds. As more countries and regions, such as Hong Kong, begin to establish clear guidelines and regulations for the use of digital assets, the US may risk falling behind in the global competition for a leading position in the crypto industry.

David Friedland, Head of APAC at Interactive Brokers said: “Investor demand for digital assets continues to grow in Hong Kong and around the world, and we are pleased to introduce cryptocurrency to address the trading objectives of clients in this important market.”

It will be interesting to see how the regulatory landscape for cryptocurrencies continues to evolve, both in the US and globally, and how this may impact the adoption and use of digital assets in traditional finance.

Mt. Gox Top Creditors Choose Bitcoin Payout Instead of Fiat Currency

Figure 19. Mt.Gox top creditors will finally get paid out in BTC after waiting for several years to be compensated for their losses

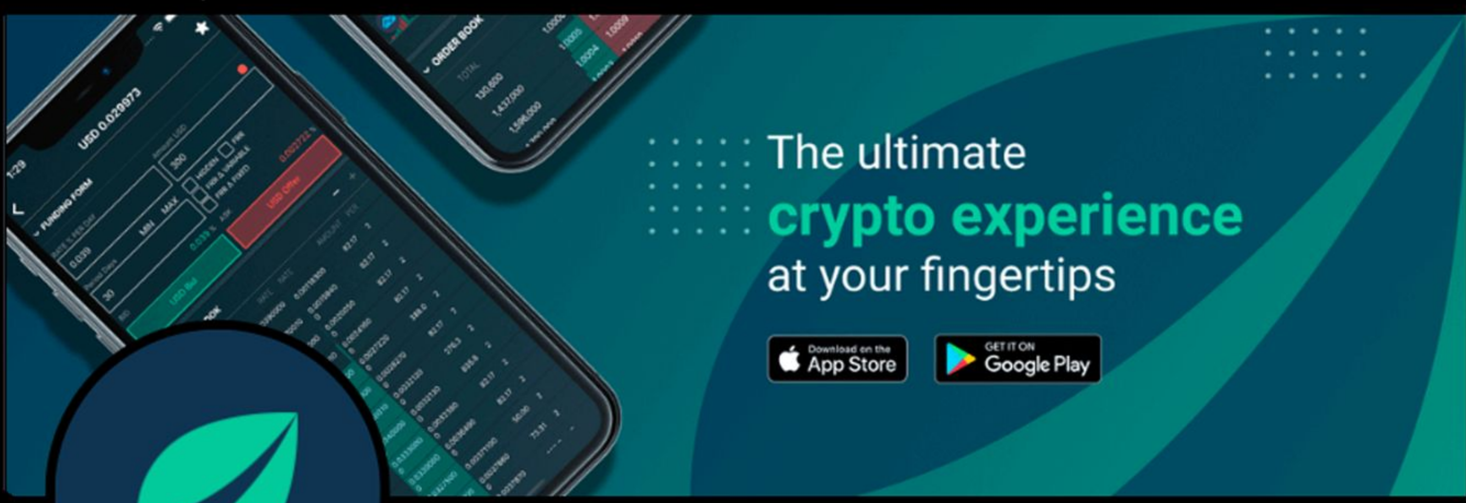
On February 17, it was reported that top creditors in the Mt. Gox crypto exchange bankruptcy case have chosen to receive an early payout in Bitcoin instead of fiat currency.

This decision means that creditors will receive 90 percent of what they are owed, and the bankruptcy trustee will not have to sell tokens to acquire fiat funds for the payout because creditors chose to be paid in BTC. This decision will help alleviate market concerns, as selling such a large number of tokens could have a negative impact on the crypto market.

It is worth adding that this decision came after the trustee of Mt. Gox, Nobuaki Kobayashi, filed a rehabilitation plan with the Tokyo District Court in July 6, 2022. The plan gave creditors the choice to receive their share of the remaining assets in the form of either Bitcoin or fiat currency.

Now, Mt. Gox creditors have until March 10 to decide if they want to receive the September payout or wait longer to potentially recover a higher percentage of their claims.

Mt. Gox was a cryptocurrency exchange based in Tokyo, Japan, that was established in 2010. At its height, it was the world's largest Bitcoin exchange, handling the majority of Bitcoin transactions in 2013. However, in 2014, Mt. Gox filed for bankruptcy, citing the loss of around 850,000 Bitcoins (worth approximately $450 million at the time) due to a hack.



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