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News

Moonstake Weekly Crypto News Roundup: 28th November to 2nd December, 2022

2022-12-05



Welcome to this week's article on the most relevant crypto news. Keeping up with the latest industry news is key to making strategic moves with your crypto assets. With this new article series, we hope to help users catch all the important information conveniently. For this edition, we will be covering all the market news you need to know in the week of 28th November – 2nd December 2022 including news about on-going BlockFi Bankruptcy, BNB Chain OpenSea Integration, Ankr Exploit and Alameda and FTX debacle and other major industry and adoption news. Let's dive in!

BlockFi Seeks Bankruptcy Protection in Wake of FTX Contagion

Crypto lender BlockFi filed for Chapter 11 bankruptcy protection on Monday, days after suspending withdrawals amid the ongoing fallout from the bankruptcy filing of exchange FTX. In a press release, BlockFi said it had around \$257m in cash on hand. The company's petition indicated that it has over 100,000 creditors, and estimated its assets and liabilities to be between \$1bn and \$10bn. BlockFi's largest creditors are West Realm Shires Inc. (the legal name for FTX US), with a \$275m unsecured claim, and the Securities and Exchange Commission (SEC), with a \$30m unsecured claim.

The majority of the other top 50 creditors were not named. BlockFi's largest creditor is Ankura Trust Company, which it appears to have hired in February and which now has a \$730m unsecured claim. BlockFi, which suspended withdrawals due to confusion about FTX's assets, has had a challenging year. It liquidated a large client earlier this year and needed a line of credit from FTX to survive. In announcing the suspension of withdrawals, BlockFi warned clients not to deposit funds to its wallet or interest accounts.

The lender had planned to raise funding at a \$1bn valuation in June, after raising \$350m at a \$3bn valuation in March 2021. Last July, the company was looking to go public within the next year and a half, with a potential \$500m fundraise in the pipeline. However, in February it had to pay \$100m as part of a settlement with the SEC and several state regulators over allegations that its high-yield crypto lending product violated state and federal securities laws. As part of the settlement, BlockFi also had to register its BlockFi Yield product with the SEC. The company cut around a fifth of its workforce in June as the wider crypto market declined. The market capitalization fell from over \$3tn a year ago to \$1tn by June. After the collapse of Three Arrows Capital, BlockFi CEO Zac Prince announced that the company had to liquidate a large client, though he did not confirm whether it was Three Arrows.

Shortly afterwards, crypto exchange FTX extended a \$250m credit facility to the lender, which later increased to \$400m and also gave FTX US the option to acquire the lender. However, FTX filed for bankruptcy in the second week of November, after days of speculation about whether it was fully liquid. FTX later suspended withdrawals.

Phantom, Solana's Leading Crypto Wallet, Plans to Expand to Ethereum and Polygon Networks

Phantom, a leading crypto wallet provider in the Solana ecosystem, has announced that it will add support for assets on the Ethereum and Polygon blockchains over the next three months. The self-custody wallet is built on closed-source code and will take aim at Ethereum ecosystem stalwarts such as Metamask, which is open source. Phantom's CEO, Brandon Millman, has previously said that the company meant to challenge Ethereum wallets in 2021 before focusing on the then-nascent Solana ecosystem. The firm says it has three million active users on Solana.

However, Solana's short-term prospects have been disrupted by the sudden collapse of FTX and Alameda, two major supporters of the ecosystem, which triggered a drop in Solana-linked asset prices and caused chaos among the blockchain's developers. Some projects are now planning to pivot to other ecosystems. Despite this, a representative for Phantom said that the wallet remains committed to Solana. Phantom's multichain strategy will focus on non-fungible tokens (NFTs) and will include protection against malicious spam drops, as well as added capabilities for viewing multimedia NFTs. The company is working with Polygon on the Polygon wallet.

BNB Chain NFTs to be Supported by OpenSea by End of Year

BNB Chain will integrate its non-fungible tokens (NFT) onto OpenSea's Seaport protocol by the end of the year. The move will enable multiple creator payouts, collection management and other benefits for BNB Chain creators looking to list and sell digital collectibles on OpenSea's marketplace. The BNB ecosystem already supports over 1,300 dApps across multiple categories including decentralized finance, the metaverse, blockchain gaming, and NFTs. Last month it launched a \$10 million fund to incentivize growth on the blockchain. In September, OpenSea announced it would be expanding support for additional blockchains and languages to retain its standing as the world's largest NFT marketplace.

Morgan Stanley: Crypto Winter Dented Confidence but Digital Asset Infrastructure Development Key

Morgan Stanley has published a research report that suggests retail interest in the price levels and volatility of digital assets has eased, while demand for regulated products for traditional financial clients has increased. The bank held its second annual Cryptocurrency vs. Traditional Finance event earlier this week, with discussions suggesting that there will be more bankruptcies and deleveraging in the sector. Despite this, participants were in agreement that crypto, blockchain and distributed-ledger technology will continue to be developed and increasingly used to trade financial assets. Some investors predict that digital assets will take 10 to 15 years to become fully mainstream. The bank said that it is a year since the start of what has been called the "crypto winter" and that current market conditions are similar to those seen in 2017-18. It expects deleveraging to continue, with stablecoin market capitalization falling, particularly for the largest stablecoin, Tether.

Telegram is Developing Crypto Wallets and a Decentralized Exchange

Telegram's CEO Pavel Durov has said the company has sold \$50m worth of blockchain-based usernames in less than a month through its auction platform Fragment. The success of the platform has convinced Durov to push forward with Telegram's plans to build a decentralized exchange and non-custodial crypto wallets, which could

reach millions of users given the app's popularity among traders. Durov has said the Telegram Open Network blockchain, which was abandoned in 2020 under regulatory pressure, will be at the heart of the new services. Earlier this week, backers of the TON network announced a \$126m "rescue fund" to support crypto projects affected by the collapse of FTX.

Binance's "Centralized Exchange" Could be Obsolete in 10 Years, Chief Strategy Officer Says

Binance's centralized exchange may not exist in 10 years because the crypto market is moving toward decentralized finance (DeFi), said Patrick Hillman, the company's chief strategy officer. Binance is implementing proof of reserves to show customers their assets are fully backed, but the process has been slow, Hillman said on CoinDesk's "First Mover" program. Binance is participating in an industry recovery initiative for Web3, contributing up to \$2 billion from its corporate reserves. Hillman claimed that while Binance is "larger than New York Stock Exchange, London Stock Exchange [and] almost the Tokyo Stock Exchange combined," it's "a little bit embarrassed" about how slow it has been to set up a proof-of-reserves system.

Ankr to reimburse users after \$5M exploit

Decentralized finance (DeFi) protocol Ankr has said it will reimburse users who were impacted by a \$5m exploit on its platform. A bug in the code of the platform, which calls itself "node-as-a-service", enabled unlimited minting of its token. The attacker was able to swap 20 trillion of these tokens for Binance Coin (BNB) and then sent them to crypto mixer Tornado Cash. From there, the BNB was swapped for roughly \$5m in USDC. Ankr said it will take a snapshot of the situation and reissue its ankrBNB token to all valid aBNBc holders before the exploit. "The ankrBNB token will continue to be redeemable, while aBNBc and aBNBb will no longer be redeemable," it said in a tweet.

Alameda Research Loses Up to \$1 Billion in Leveraged Trade in 2021: Financial Times

Alameda Research, the company affiliated with the now-bankrupt crypto exchange FTX, reportedly shouldered losses of up to \$1 billion following a leveraged trade in early 2021, according to the Financial Times. The news comes as it has been revealed that FTX bailed out Alameda with as much as \$10 billion in user funds this year. The revelations shed light on the close ties between the two companies. In early 2021, a client's leveraged bet on mobilecoin caused it to spike from almost \$6 to \$70, exposing weaknesses in FTX's financial buffers. The trader then borrowed against the position on FTX, which could have allowed them to extract dollars from the exchange. Alameda then stepped in to assume the trader's position to protect FTX's liquidity, incurring losses of hundreds of millions of dollars that could have been as high as \$1 billion.

Trader Joe to Deploy on Ethereum Scaling System Arbitrum

Avalanche-based decentralized exchange (DEX) Trader Joe is set to deploy on Ethereum scaling system Arbitrum in a bid to attract new users. This marks the first time that Trader Joe will be deployed on a separate network. The DEX will initially be deployed on the Arbitrum testnet, with a mainnet launch scheduled for early 2023. Trader Joe is the largest DEX and lending service on Avalanche, with over \$95m worth of tokens locked as of Friday. The exchange captured \$2.5bn in locked value at its peak and continues to attract the highest transactional volumes among all Avalanche-based products. Trader Joe's Liquidity Book AMM will be introduced in the initial launch, but the DEX's native JOE token and full suite of DeFi products will not be available on Arbitrum.

We recognise that AVAX is a high-demand coin and the Avalanche network is an esteemed blockchain project with active development and continued growth. We are confident that AVAX will be a strategic addition to the lineup of PoS coins supported by Moonstake. AVAX Staking will also be coming soon to our platform. Look out for the official announcement on our Twitter!

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We hope you enjoy this carefully curated news roundup by Moonstake, as our team strives to only bring the most relevant information for your crypto experience. See you next week!

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