BITFINEX Alpha

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bitfinex.com

EXECUTIVE SUMMARY

In this new post 4th halving era for Bitcoin, on-chain dynamics are decidedly positive. Current on-chain data indicates that Bitcoin exchange outflows are reaching peaks not seen since January 2023, suggesting that many investors are moving their holdings to cold storage in anticipation of price increases. Meanwhile, the active selling by long-term holders has not precipitated the typical pre-halving price drop yet, indicating a robust absorption of this selling pressure by new market entrants.

Miners too, are adjusting strategies in response to the reduced block reward. There's been a notable decrease in the BTC sent to exchanges by miners, suggesting pre-emptive selling or collateralization of holdings to upgrade infrastructure started some months ago, spreading potential selling pressure over a more extended period rather than causing a market shock at halving.

The reduced daily issuance rate of Bitcoin post-halving, estimated to add between \$30 to \$40 million worth of supply per day, contrasts sharply with the \$150 million average daily net inflow from spot Bitcoin ETFs we have seen, underscoring a significant supply-demand imbalance that could foster further price appreciation. That said, as we navigate a risky geopolitical situation, the market's response will provide critical insights into the long-term viability and valuation of Bitcoin as "digital gold."

Further the large amounts of buying from spot Bitcoin ETFs, which have been the dominant narrative for the year so far, could still subside and indeed, outflows from ETFs have been seen in the past week, which suggests that ETF demand may begin to stabilise.

The current economic landscape in the United States is also now becoming marked by a complex interplay of international and domestic factors that are shaping the dynamics of the market. The ongoing tensions in the Middle East have escalated concerns in the global markets, particularly influencing oil prices, but which could affect various sectors of the economy depending on future geopolitical developments and subsequent policy responses.

Amidst this backdrop however, American consumer behaviour remains resilient. The latest retail sales data from March shows sustained consumer spending supported by strong job growth despite rising consumer prices. This robust economic activity combined with the recent uptick in inflation, are influencing the Federal Reserve's monetary policy, with expectations now leaning towards a postponement of interest rate cuts possibly until September.

In contrast to this buoyant consumer spending, the housing sector is facing challenges. Recent reports indicate a downturn in construction, largely attributable to the increased cost of borrowing. This is underscored by a decline in existing home sales, which fell significantly in March.

On the industrial front, the picture is more encouraging. Industrial production increased in March, marking the second consecutive month of gains after a significant drop in January. This sector appears to be more resilient to the economic pressures of tighter monetary policy, with the industrial production index maintaining levels near record highs over the past eighteen months.

In recent developments within the cryptocurrency industry, the US Inland Revenue Service has taken a notable step by introducing a draft of Form 1099-DA, designed to enhance the reporting of digital asset transactions. This move is part of broader proposed regulations aimed at standardising crypto brokerage services to align more closely with traditional financial brokers.

Parallel to these regulatory advancements, public interest in cryptocurrencies continues to surge. Recent data highlighting Google searches for "Bitcoin halving" have reached new heights, eclipsing interest levels previously seen in May 2020.

And finally Tether, the world's largest stablecoin issuer, announced the launch of four new business divisions—Data, Finance, Power, and Education. This expansion is aimed at leveraging technology to build inclusive infrastructure solutions that not only challenge traditional systems but also promote financial empowerment globally.

Happy Trading!

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WHAT'S ON-CHAIN THIS WEEK?

Spot Bitcoin ETFs/Halving Events and Their Impact On Market Dynamics

Since January 10, 2024, the day that the SEC gave approval for spot Bitcoin ETF products, the landscape for Bitcoin has undergone a significant transformation. This has influenced both the Bitcoin price and the broader cryptocurrency market in the first quarter of this year. So far the BTC ETFs have amassed approximately $60 billion in inflows, underlining the important underpinning they have provided to the market.

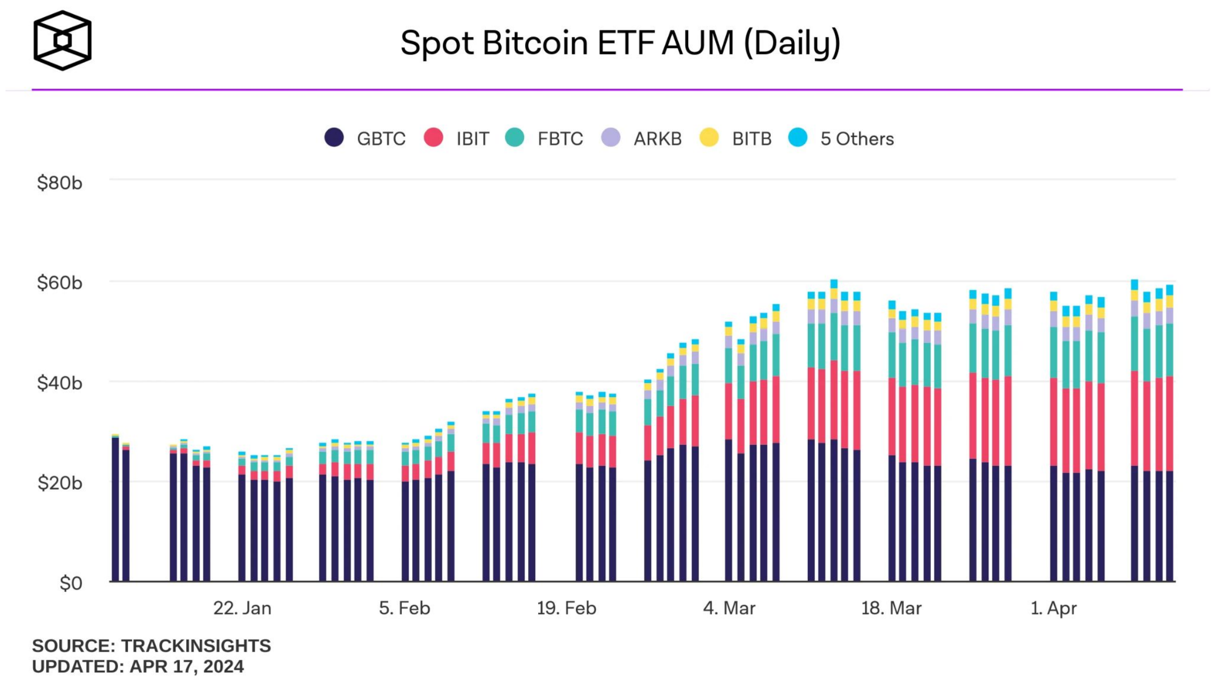


Figure 1. Spot Bitcoin ETF Assets Under Management (Chart Source: The Block)

Indeed spot Bitcoin ETFs have not only contributed to some of the highest trading volumes on record but have also enhanced market liquidity by generating new demand for BTC. As shown in the chart below, ETFs significantly affect overall spot trading volume, with some of the highest trading days being recorded since they were introduced.

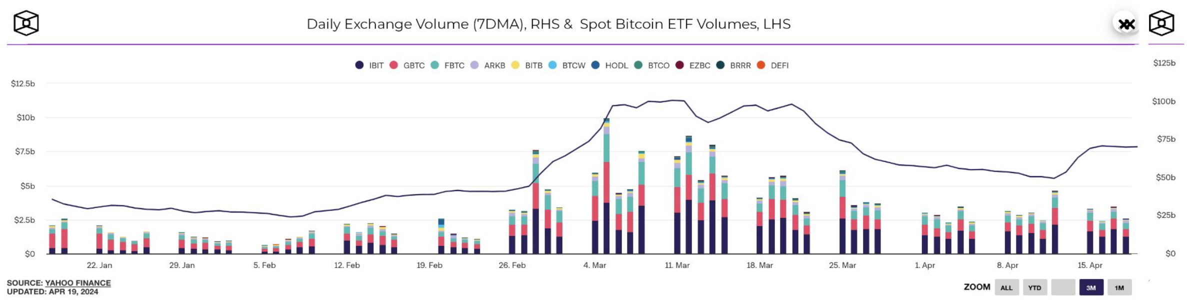


Figure 2. Daily Exchange Volume and Spot Bitcoin ETF Volume (Chart Source: The Block)

This influx of demand comes against limited supply growth from mining rewards, with the rate of supply again cut by 50 percent, following the halving on 20 April, 2024.

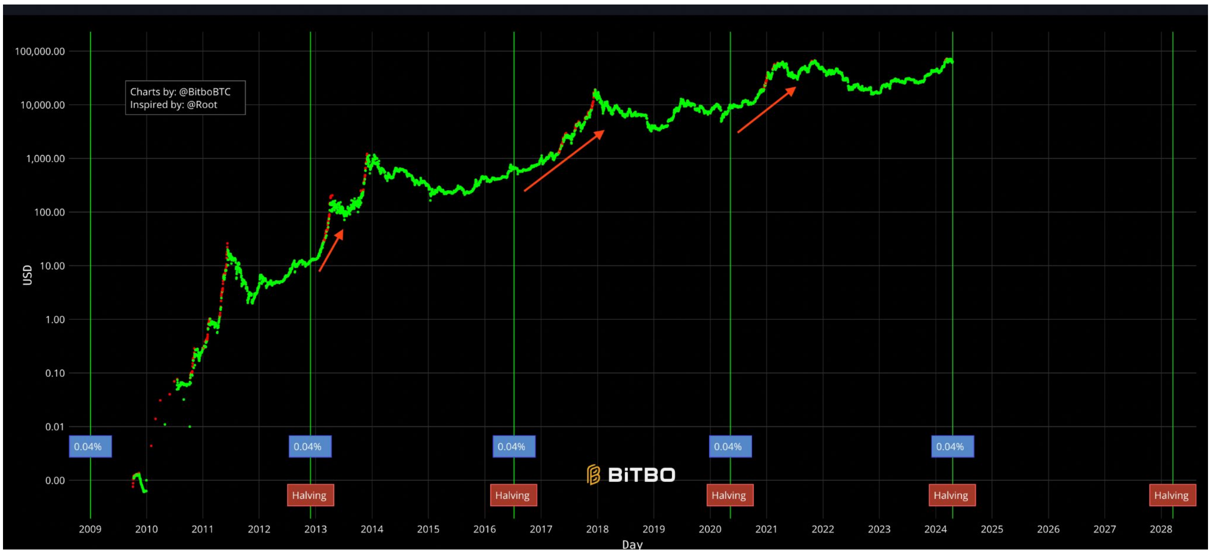


Figure 3. Bitcoin Price and The Past Halving Events (Source: BitBo.com)

Previous halvings have led to substantial price increases (refer Figure below). For instance, the 2020 halving saw Bitcoin's price escalate nearly seven-fold over the following year. Similarly, prior halvings in 2016 and 2012 also resulted in significant price surges. The latest halving came after a year-long price increase, with Bitcoin reaching a peak of $73,666.

Sources: Glassnode, WisdomTree, as of December 2023. Past performance may not be indicative of future results. **Bitcoin is highly speculative and involves a high degree of risk, including the potential for loss of the entire investment. An investment in bitcoin involves significant risks (including the potential for quick, large losses) and may not be suitable for all investors.**

Figure 4. Bitcoin Performance Post Halving Events. (Source: WisdomTree)

The Response from Miners

Bitcoin miners are currently grappling with the challenges posed by the reductions in mining rewards, necessitating adjustments in their operational strategies. Traditionally, miners experience a decrease in revenues immediately following halvings. However, recovery typically ensues as market prices rise and larger mining operations expand to compensate for the reduced rewards.

Historically, during Bitcoin halvings, a common pattern emerges where miners exert significant selling pressure in an effort to maximise profits before an anticipated decrease in earnings. This strategy, while aimed at optimising returns in the face of reduced block rewards, can have a short-term negative impact on the market, potentially leading to increased volatility and price declines. However, these effects are often temporary, as market dynamics adjust and miner efficiency improves.

Figure 5. Bitcoin Miner to Exchange Flow (Source: CryptoQuant)

Recently, data shows a daily average of about 374 BTC sent to spot exchanges by miners over the last month, which is significantly lower than the 1,300 BTC observed in February when we assume miners were already selling their BTC holdings or collateralising them to upgrade their machinery and infrastructure.

It appears that miners have executed their selling in advance, which has turned out to be advantageous for the market in the short term. By selling their Bitcoin reserves well ahead of the halving event, miners spread out the potential selling pressure over a more extended period, avoiding a sharp market drop that could coincide with the halving.

The market dynamics for all crypto assets has also evolved considerably since previous halvings, which may lessen the immediate effect of new Bitcoin issuance on its market prices. This shift is largely due to the rising demand from institutional investors and the broad acceptance of Bitcoin ETFs.

We expect ETFs will play a crucial role in shaping market volatility. Their ability to attract large-scale inflows and outflows can significantly sway market sentiment and pricing, often independently of the usual supply-demand framework. With the added dynamic of the halving-induced 'supply shock', the combination of ETF demand and constrained supply could drive further price appreciation for BTC.

Bitcoin's appeal lies heavily in the predictability and immutability of its supply, a stark contrast to fiat currency systems. According to the protocol, the total supply is capped at 21 million, a figure that will be reached by 2140. This supply certainty is guaranteed by the code itself, and nothing short of a consensus-reaching change in the protocol could alter this. The halving ensures a gradual and predictable reduction in the new supply of Bitcoin, enhancing its scarcity over time. With the daily issuance rate declining post halving, we estimate that the new supply added to the market (new BTC mined) would amount to approximately $40-50 million in USD-notional terms based on issuance trends. It is expected that this could possibly drop over time to $30 million per day including active and dormant supply as well as miner selling, especially as smaller miner operations are forced to shut down shop. The average daily net inflows from spot Bitcoin ETFs dwarf that number at over $150 million, even though flows have moderated and even turned net negative over recent weeks.

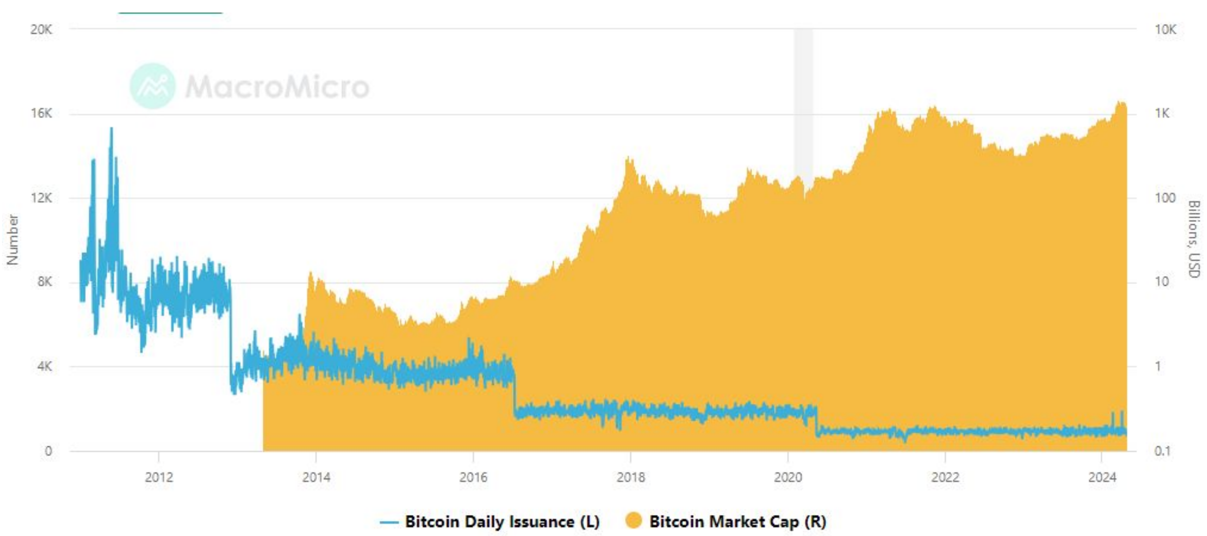


Figure 6. Bitcoin Daily Issuance Rate Against Market Capitalisation. (Source: MacroMicro)

Contrastingly, fiat currencies are subject to government policies, which can lead to inflation or even hyperinflation through the printing of more money. A prime example is the decline in the value of the U.S. dollar post-1971, when the gold standard was abandoned, allowing for more flexible but inflationary monetary policy.

The hypothesis around the SEC's approval of spot Bitcoin ETFs posited that these products would open new avenues for demand, mirroring the introduction of gold ETFs in 2004. These allowed investors to gain exposure to gold without the need to physically store it, and similarly, the approval of Bitcoin ETFs in 2024 provided a way for investors to access Bitcoin through familiar brokerage platforms, potentially broadening the investor base to include those who might avoid setting up crypto wallets.

Two months post Bitcoin ETF launch, we see evidence suggesting a positive impact from these ETFs. The daily net flow of Bitcoins into ETFs is decidedly positive, indicating strong interest, even though some investors might still be constrained by regulatory approvals within their firms. Interestingly, the amount of BTC bought by these ETFs has outpaced the creation of new coins since launch, with total demand outstripping supply by over 150,000 BTC, and we expect this trend to continue in the coming months.

GENERAL MACRO UPDATE

Impact of Geopolitical Tensions on the Markets

The ongoing tensions in the Middle East have become a significant factor in the global economic and market landscape, particularly influencing oil prices.

Following an Iranian drone assault on Israel during the weekend of April 13-14, oil prices experienced a brief downturn. Brent crude fell to $89.87 per barrel, while West Texas Intermediate dropped to $85.87 per barrel, before rebounding sharply. Prices subsequently fell back later in the week as Israel responded with a missile attack of its own. Prices settled at around $90 per barrel during last Friday morning's trading session.

Figure 7. Brent Crude Oil Price (Chart Source: Trading View)

Stock markets have also reacted to these economic and geopolitical signals, with major indices like the Nasdaq and the S&P 500 experiencing declines, while the Dow Jones Industrial Average saw modest gains. The Dow Jones Industrial Average rose 211.02 points, or 0.56 percent, to 37,986, the S&P 500 was down 0.88 percent, to 4,967 and the Nasdaq Composite dropped by 2.05 percent, to 15,282. Stocks too were also weighed down by the market's more hawkish outlook on the Fed's future interest rate decisions.

Figure 8. Nasdaq, S&P 500 & Down Jones Industrial Average Price Chart in April, 2024 (Chart Source: Tradingview)

The top 10 oil[1] producers and share of total world oil production[2] in 2023[3]

Country	Million barrels per day	Share of world total
United States	21.91	22%
Saudi Arabia	11.13	11%
Russia	10.75	11%
Canada	5.76	6%
China	5.26	5%
Iraq	4.42	4%
Brazil	4.28	4%
United Arab Emirates	4.16	4%
Iran	3.99	4%
Kuwait	2.91	3%
Total top 10	74.59	73%
World total	101.81	

Figure 9. Top10 Oil Producers (Source: US Energy Information Association)

Iran's pivotal role in the global energy market further complicates the economic outlook. As a major oil producer and a key controller of the Strait of Hormuz, through which a significant portion of the world's oil supply passes, Iran's actions can have far-reaching implications on global economic stability. Nevertheless, the likelihood of Iran disrupting oil flows through this crucial route remains low, primarily because it serves as a vital passage for its own oil exports to major markets like China.

The current dynamics of the oil market include a few “shock absorbers”. Price spikes are typically seen when the economic cycle peaks, with low inventory levels, minimal spare production capacity, and actual or potential disruptions in oil production. However, the recent price increase is happening at a time when the market is generally well-supplied, with inventory levels close to the historical average and substantial unused production capacity.

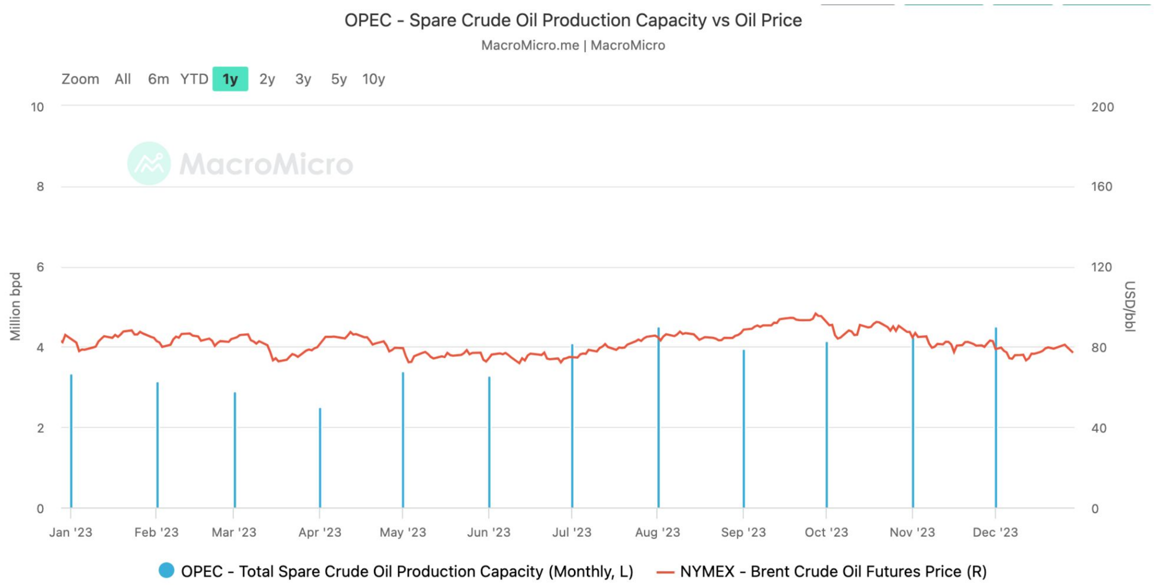
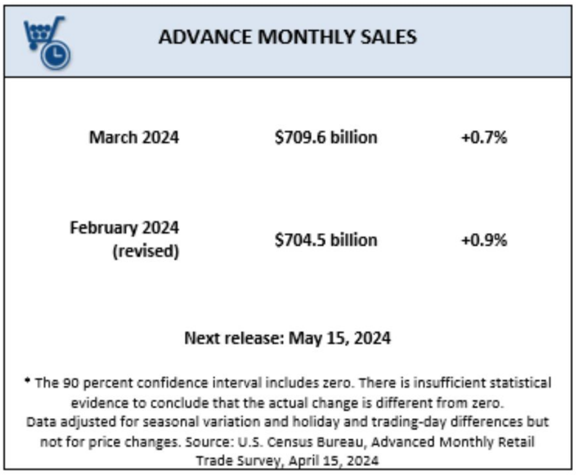


Figure 10. Total Spare Crude Production Capacity by OPEC (Source: Macromicro)

In the event of a major supply interruption, the US has the option to utilise its strategic petroleum reserves, while OPEC can make use of its excess production capability, which exceeds 4 million barrels per day. As of February, the total commercial stocks of crude oil and refined products in the developed nations within the Organisation for Economic Cooperation and Development (OECD) were approximately 2,733 million barrels. Given the adequate inventory levels and ample spare capacity, the market did not seem set for a major, prolonged surge in oil prices.

As the situation continues to evolve, the implications of a higher oil price on the economy will hinge on the interplay between geopolitical developments and policy responses. The stability of the US economic landscape, in particular, will depend on how these elements are navigated in the coming months.

US Consumer Spending Remains Strong



ADVANCE MONTHLY SALES

March 2024	$709.6 billion	+0.7%
February 2024 (revised)	$704.5 billion	+0.9%

Next release: May 15, 2024

* The 90 percent confidence interval includes zero. There is insufficient statistical evidence to conclude that the actual change is different from zero.
Data adjusted for seasonal variation and holiday and trading-day differences but not for price changes. Source: U.S. Census Bureau, Advanced Monthly Retail Trade Survey, April 15, 2024

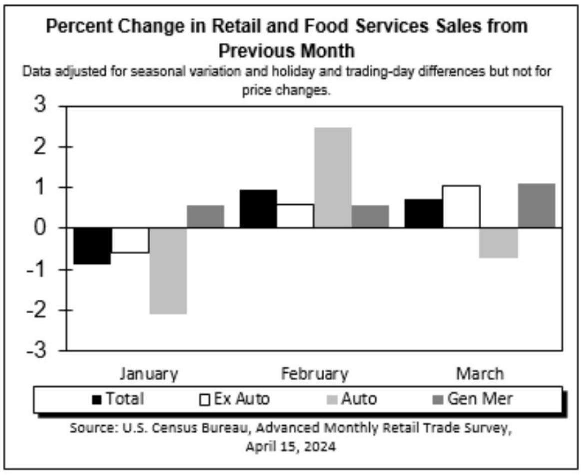


Figure 11. Retail Sales (Source: US Census Bureau)

American consumer spending remains robust. [March retail sales] data released by the US Census Bureau, on Monday, April 15th, remained resilient, and follows [strong job growth in March], despite an [uptick in consumer prices]. This combination of factors is reinforcing expectations that the Federal Reserve may delay any cuts to interest rates until as late as September.

CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES								
MEETING DATE	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
5/1/2024			0.0%	0.0%	0.0%	0.0%	3.2%	96.8%
6/12/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	16.2%	83.4%
7/31/2024	0.0%	0.0%	0.0%	0.0%	0.1%	5.0%	35.6%	59.3%
9/18/2024	0.0%	0.0%	0.0%	0.1%	2.1%	17.2%	45.1%	35.6%
11/7/2024	0.0%	0.0%	0.0%	0.5%	5.5%	23.6%	42.9%	27.4%
12/18/2024	0.0%	0.0%	0.2%	2.6%	13.2%	31.8%	36.3%	15.8%
1/29/2025	0.0%	0.1%	0.9%	5.7%	18.5%	33.1%	30.4%	11.3%
3/19/2025	0.0%	0.4%	2.9%	11.0%	24.5%	32.0%	22.6%	6.6%
4/30/2025	0.1%	1.1%	5.2%	14.9%	26.7%	29.3%	18.0%	4.7%

Figure 12. Meeting Probabilities according to CME FedWatch Tool

Retail sales were up 0.7 percent in March, with February's figures revised upwards to 0.9 percent, and came despite a surprising 0.7 percent decline in automobile sales, which represent nearly a fifth of all retail transactions.

Excluding auto sales, gasoline, building materials and food, retail sales rose 1.1 percent in March. February's data was also adjusted upward, with a 0.3 percent rise in these core retail sales, which correspond more closely with the consumer spending component of GDP. The figures show that consumer spending growth has only slightly slowed from the robust pace seen in the last quarter of 2023.

However, there are some signs of weakness, particularly in discretionary spending areas such as electronics, apparel, and sports equipment, which saw declines of 1.2 percent, 1.6 percent, and 1.8 percent, respectively. Gasoline, which rose by 2.1 percent, was also the main reason for the continued strength in the retail sales data. Hence rising retail sales seems to be emanating more from price hikes, rather than real demand.

Recent tensions in the Middle East and potential drops in oil supplies are likely to keep energy prices relatively high, which may in turn cause a shift away from discretionary to essential spending.

Report:	Period	Current	Previous
Retail Sales	March	709.6 Bn	704.5 Bn

Mixed Fortunes: Housing Stumbles as Industrial Production Picks Up

Other economic data continues to paint a mixed picture for the US economy. Last week, the housing market showed there had been a downturn in construction, likely influenced by the increased cost of borrowing, however industrial output remained resilient, suggesting some sectors are managing to withstand the economic pressures of tighter monetary policy, better than others.

In March, construction of single-family homes in the US experienced a significant decline, falling by 14.7 percent to an annualised rate of 1.32 million units, the lowest since August 2023. This downturn is attributed to a resurgence in mortgage rates, which has sidelined many potential homebuyers despite the ongoing shortage of available homes on the market. Building permits, an indicator of future construction activity, also saw a decrease, dropping 4.3 percent to 1.46 million, according to data from the US Census Bureau.

The reluctance among builders to start on new projects was evident, with a noticeable slowdown in the pace of existing construction projects. The data aligned with builders' sentiment, which has been neutral over the past two months. Housing completions also declined by 13.5 percent in March.

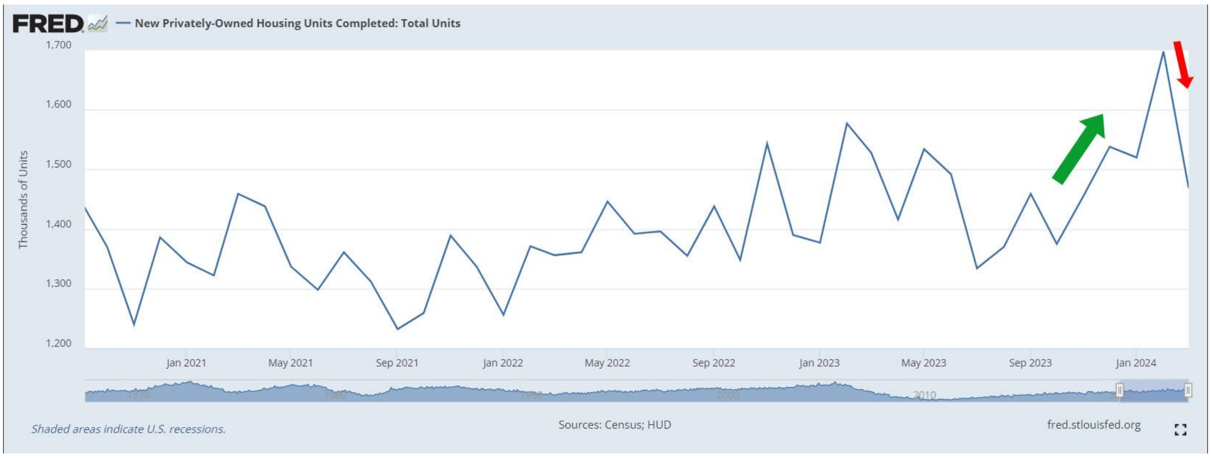


Figure 13. Completed Housing Units (Source: US Census Bureau)

After a recovery in completed homes in the latter half of 2023, the housing market's resurgence now appears to be waning. With no significant relief in interest rates expected soon, but with a lack of new supply, home prices are poised to climb further, exacerbating affordability issues.

Despite the fall in housing construction, industrial production grew in March - although on an annual basis it is still down for the first quarter. Production increased by 0.4 percent in March, marking the second consecutive month of gains. This follows a sharp decline in January. The industrial production index has been relatively stable, remaining near record highs for the past eighteen months as a result of the central bank's rate hikes. The recent uptick in industrial activity is seen as a positive sign for the overall economic output in the first quarter, especially in light of strong recent retail sales figures.

This mixed economic picture - reflected in the divergent housing and industrial production data - suggests that while some sectors may help buoy the economy, challenges in the housing market could pose risks to longer-term economic stability.

Report:	Period	Current	Previous
Housing Starts	March	1.32 M	1.55 M
Building Permits	March	1.46 M	1.52 M
Industrial Production	March	0.4%	0.4%

March Downturn: Rising Rates and Prices Impact US Existing Home Sales

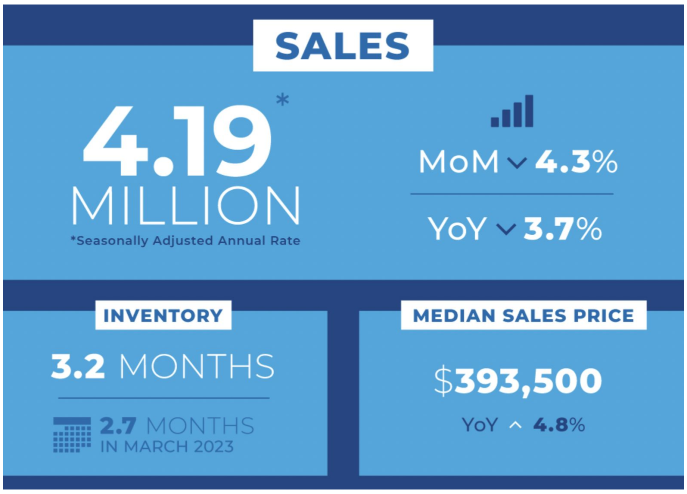


Figure 14. Existing Home Sales (Source: National Association of Realtors)

The latest report from National Association of Realtors (NAR), issued last Thursday, April 18th, underscores the ongoing challenges in the housing market, as US existing home sales declined in March due to elevated interest rates and rising house prices. Existing home sales fell by 4.3 percent to a seasonally adjusted annual rate of 4.19 million units.

The uptick in inflation during the first quarter has led the Federal Reserve to reevaluate its interest rate policy, suggesting that rates may remain elevated. This could potentially prolong the recovery of the housing market, especially in the area of existing home sales.

While housing inventory saw an increase of 4.7 percent to 1.11 million units in March, it is still not sufficient to meet demand. Compared to the previous year, supply is by 14.4 percent, yet remains significantly lower than the nearly 2 million units available pre-pandemic. Currently, it would take about 3.2 months to deplete the existing stock of homes, an increase from the 2.7 months noted last year. However, this is still below the four-to-seven-month range considered optimal for a balanced market between supply and demand.

Despite some improvements in the inventory, the median price of an existing home rose by 4.8 percent over the past year. This indicates that while the market struggles with affordability and availability, housing values continue to climb, adding another layer of complexity for buyers navigating the current landscape.

NEWS FROM THE CRYPTO-SPHERE

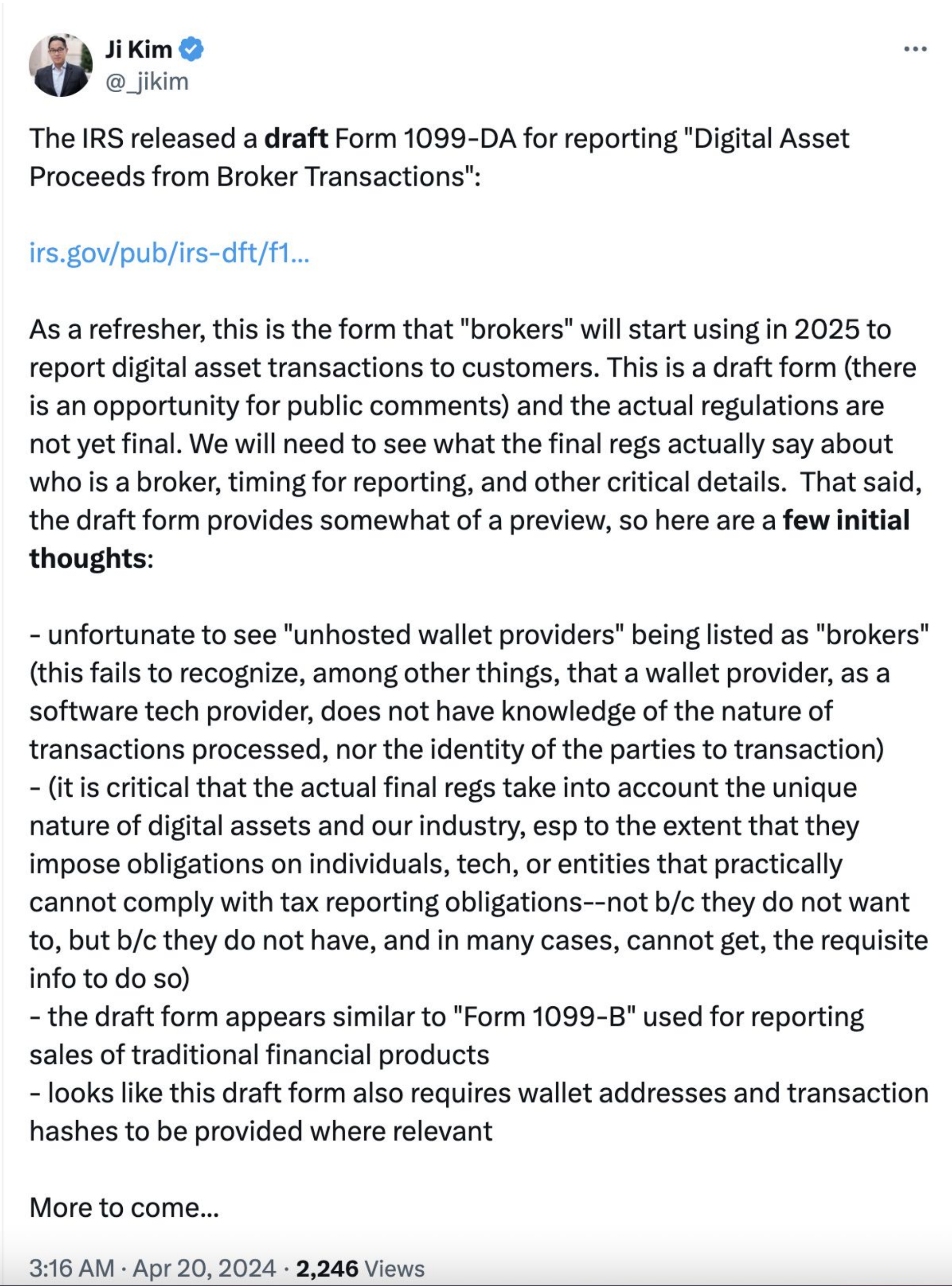
IRS Drafts New Tax Form for Digital Asset Reporting: Implications for Brokers and Exchanges

Figure 15. IRS Drafts New Tax Form for Digital Asset Reporting: Implications for Brokers and Exchanges

- **The US Inland Revenue Service (IRS) has introduced a draft of Form 1099-DA to enhance the reporting of digital asset transactions**
- **The form is part of proposed regulations that aim to standardise crypto brokerage similar to traditional financial brokers**

The IRS has released a draft version of a new tax document, Form 1099-DA, designed to facilitate the reporting of digital asset transactions by various brokers and exchanges. Released last Thursday, April 18th, the draft form outlines specific broker classifications including kiosk operators, digital asset payment processors, and both hosted and non-hosted wallet providers, among others. It also requests information about the "digital asset address" and designates digital assets as a "noncovered security."

This development is a continuation of proposed regulations issued in August 2023 suggesting that cryptocurrency brokers should be regulated in a manner akin to traditional investment brokers dealing with stocks and bonds. According to these proposals, which are part of the Infrastructure Investment and Jobs Act of 2021, brokers are to provide detailed reports on their customers' cryptocurrency transactions. This increased reporting requirement aims to assist taxpayers in accurately determining their tax obligations on profits and declaring any losses from digital asset transactions.



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The IRS released a **draft** Form 1099-DA for reporting "Digital Asset Proceeds from Broker Transactions":

irs.gov/pub/irs-dft/f1...

As a refresher, this is the form that "brokers" will start using in 2025 to report digital asset transactions to customers. This is a draft form (there is an opportunity for public comments) and the actual regulations are not yet final. We will need to see what the final regs actually say about who is a broker, timing for reporting, and other critical details. That said, the draft form provides somewhat of a preview, so here are a **few initial thoughts**:

- unfortunate to see "unhosted wallet providers" being listed as "brokers" (this fails to recognize, among other things, that a wallet provider, as a software tech provider, does not have knowledge of the nature of transactions processed, nor the identity of the parties to transaction)
- (it is critical that the actual final regs take into account the unique nature of digital assets and our industry, esp to the extent that they impose obligations on individuals, tech, or entities that practically cannot comply with tax reporting obligations--not b/c they do not want to, but b/c they do not have, and in many cases, cannot get, the requisite info to do so)
- the draft form appears similar to "Form 1099-B" used for reporting sales of traditional financial products
- looks like this draft form also requires wallet addresses and transaction hashes to be provided where relevant

More to come...

3:16 AM · Apr 20, 2024 · **2,246** Views

Figure 16. Ji Kim, the Chief Legal and Policy officer at the Crypto Council for Innovation, expressed concerns on his X account

Ji Kim, the Chief Legal and Policy officer at the Crypto Council for Innovation, expressed concerns on his X account about including unhosted wallet providers under the broker category, arguing that it misrepresents the role of wallet providers who, as software technology providers, do not monitor the specifics or participants of transactions.

If implemented, anyone who is considered a digital asset broker will need to submit Form 1099-DA to both customers and the IRS. Their proposal would categorise centralised exchanges, decentralised exchanges, wallets that allow users to transact digital assets and Bitcoin ATMS as brokers.

Google Search for Bitcoin Halving Hits Record High Amid Market Fluctuations

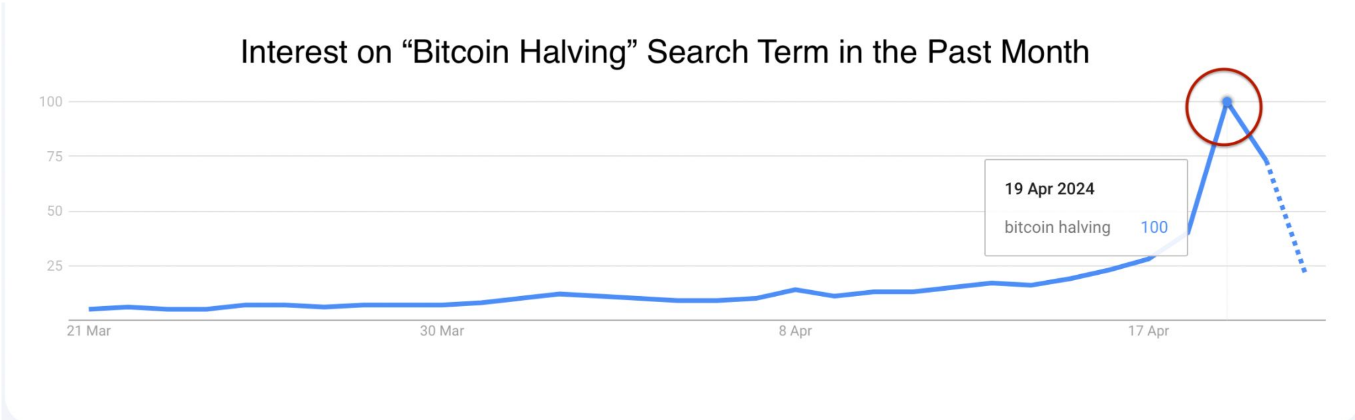


Figure 17. Worldwide Interest on “Bitcoin Halving” Search term on Google Trends from in the Past Month (Source: Google Trends)

- **Google searches for "Bitcoin halving" have reached a new peak, surpassing interest levels from May 2020**

Google searches for "Bitcoin halving" reached a new high, eclipsing the peak seen in May 2020. Data from Google Trends, which rates search terms on a scale of 100 points for comparative popularity, reported a record-breaking number of searches for the halving. Data shows curiosity around Bitcoin's network halving has been building since early 2024.

In the figure below, numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the term, which for “Bitcoin halving”, reached its peak of 100 on April 19 (compared to May 2020, which stands at 25.

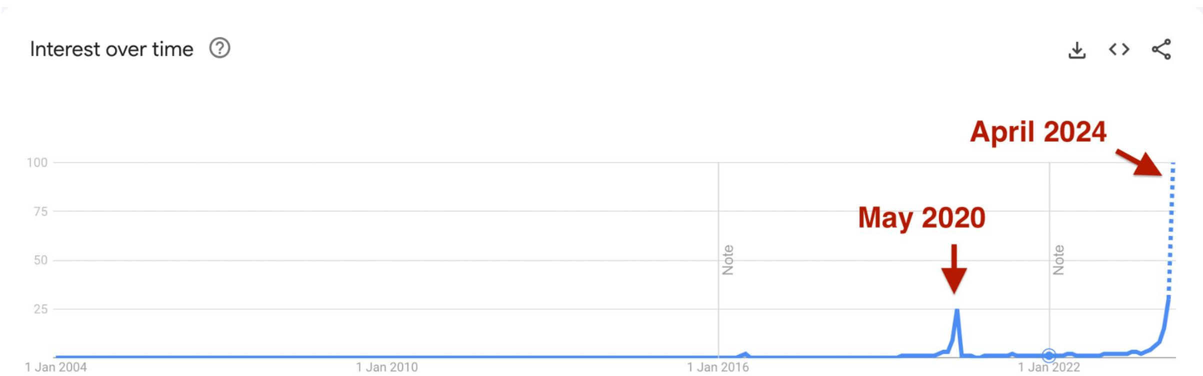


Figure 18. Worldwide Interest on “Bitcoin Halving” Search term on Google Trends from 2004 to Present (Source: Google Trends)

The sharp increase in searches this month is noteworthy given that Bitcoin prices fell from around $70,000 two weeks ago to approximately $65,000 today.

The current interest in Bitcoin halving is fueled by several factors, including a revived enthusiasm within Bitcoin's development community. Several Bitcoin builders are now looking to scale through the expanding layer-2 ecosystem, with the announcement of new layer-2s like Merlin and B² Network, as well as ongoing innovation from established layer-2s, like Lightning Network and Stacks. Additionally, the recent introduction of spot Bitcoin ETFs has sparked a market rally, which is also likely to have spurred more search requests, though the momentum into the ETFs now appears to be waning.

Tether Announces Strategic Expansion Beyond Stablecoins to Foster Global Financial Empowerment

Figure 19. Tether Announces Strategic Expansion Beyond Stablecoins to Foster Global Financial Empowerment

- **Tether announced the launch of four new business divisions—Data, Finance, Power, and Education**
- **The division is aimed at leveraging technology to create inclusive infrastructure solutions that challenge traditional systems and promote financial empowerment globally.**

Tether, the developer of the world's largest stablecoin, has announced a suite of infrastructure solutions aimed at fostering a more inclusive global society. On Thursday, April 18th, the company revealed that it is setting up four business divisions—Data, Finance, Power, and Education—each tailored to address specific technological and financial challenges.

The move underscores Tether's commitment to enhancing financial empowerment, by developing sustainable and adaptable solutions tailored to the needs of various stakeholders including individuals, communities, and governments worldwide.

"Thriving together is in our DNA. We disrupted the traditional financial landscape with the world's first and most trusted stablecoin. Now, we're daring to kickstart inclusive infrastructure solutions, dismantling traditional systems for fairness," Paolo Ardoino, CEO of Tether, stated. "With this evolution beyond our traditional stablecoin offerings, we are ready to build and support the invention and implementation of cutting-edge technology that removes the limitations of what's possible in this world."

Tether has long been recognised for its influential role in the digital assets space, particularly through its flagship USDt product which has become synonymous with financial freedom and empowerment worldwide. Building on this reputation, the company has expanded its influence through collaborative efforts with local communities and governmental bodies to set the groundwork for a future that leverages decentralisation and advanced technology.

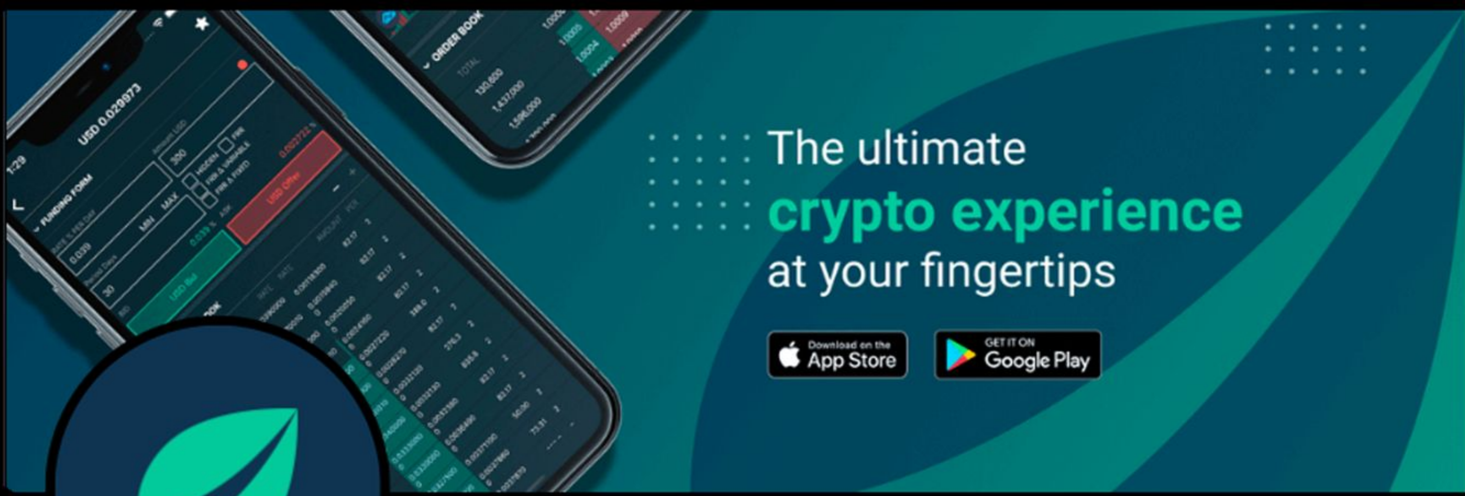
The new business divisions are as follows:

Tether Data – This technology-focused division will concentrate on developing and investing in emerging technologies like artificial intelligence and peer-to-peer platforms. Noteworthy projects include Hole Punch, which has pioneered significant P2P technologies such as Keet and Pear Runtime. Tether Data has also made strategic investments in AI innovator Northern Data Group.

Tether Finance – As the digital asset services division, Tether Finance will continue to enhance and support Tether's stablecoin products while also developing new blockchain-based financial systems. The division is set to lead the creation of a digital asset tokenisation platform that promises to accelerate the mainstream adoption of digital assets.

Tether Power – This division is focused on sustainable Bitcoin mining and energy solutions, ensuring the integrity of the blockchain while adhering to responsible environmental practices.

Tether Edu – Committed to increasing global access to digital education, Tether Edu supports initiatives that enhance digital literacy and proficiency, such as the Academy of Digital Industries.



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