BITFINEX Alpha

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EXECUTIVE SUMMARY

BTC Roiled by Tariff Hikes, But Remains Resilient

Bitcoin's price action has increasingly mirrored broader macroeconomic developments, reacting strongly to US policy announcements by President Donald Trump. Over the past week, Bitcoin has fallen below $100,000, aligning with expectations of declining volatility and a potential near-term market-wide correction. While Bitcoin started 2025 with a 10 percent gain in January, its momentum has slowed, with the price consolidating within a 15 percent range for the last 65 days.

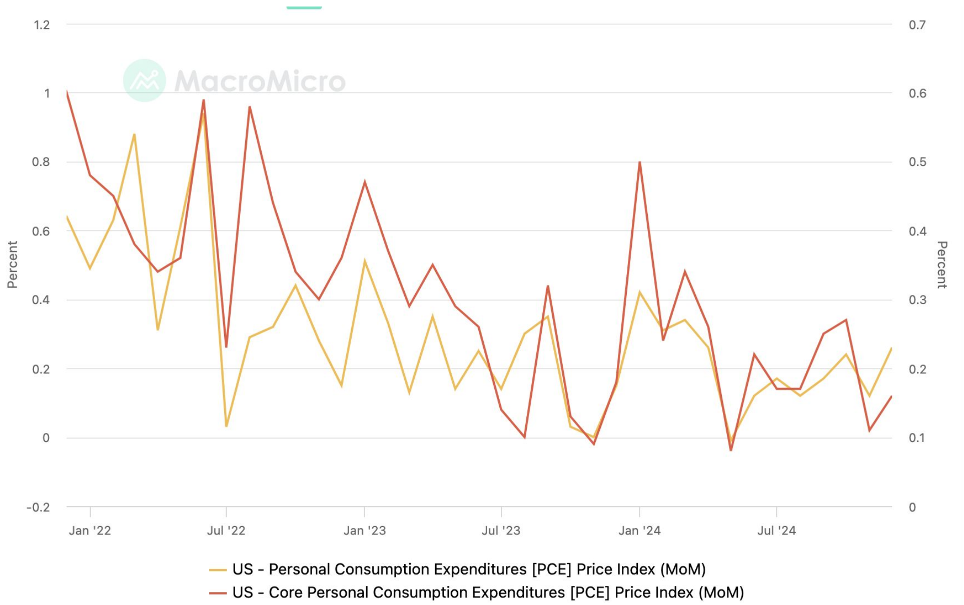
Indeed, BTC has been leading US equity markets in terms of response to macro developments. A double-top structure that has been seen in both the Bitcoin and the S&P 500 charts, occurred first in BTC. The latest market catalyst—Trump's tariff announcements—triggered a 0.5 percent decline in the S&P 500 last Friday and a more pronounced drop in Bitcoin. Bitcoin's 30-day rolling correlation with the S&P 500 has climbed to 0.8, marking its highest level in five months. This has reinforced the view that Bitcoin is trading more like a macro-driven risk asset.

Despite short-term volatility, Bitcoin remains structurally strong on higher time frames. BTC has outperformed traditional markets since the US election, rallying from $67,000 to over $100,000, while equities have shown a choppy recovery.

BTC/USD 4H Chart. (Source: Bitfinex)

Against this backdrop, the US economy continues to show resilience through solid consumer spending and economic expansion, yet it is also facing headwinds from policy uncertainty, trade disruptions, and stubborn inflation.

[The Federal Reserve has held interest rates steady] at 4.25–4.50 percent last week, signalling that policymakers are not ready to ease monetary conditions until inflation shows a clear downward trend. [Consumer spending surged] in December, with real spending rising 0.4 percent, further reinforcing economic growth but complicating the Fed's path forward.



Month-over-Month Percent Change in PCE (Personal Consumption Expenditure) Price Index

Inflation remains above the central bank's two percent target, with core PCE inflation hovering at 2.8 percent year-over-year. Despite slower wage growth, a tight labour market and potential immigration restrictions could drive labour costs higher, adding to inflationary risks. Meanwhile, [economic expansion closed the year at 2.3 percent], supported by robust household consumption and increased government spending, though slowing business investment and trade uncertainties continue to pose risks.

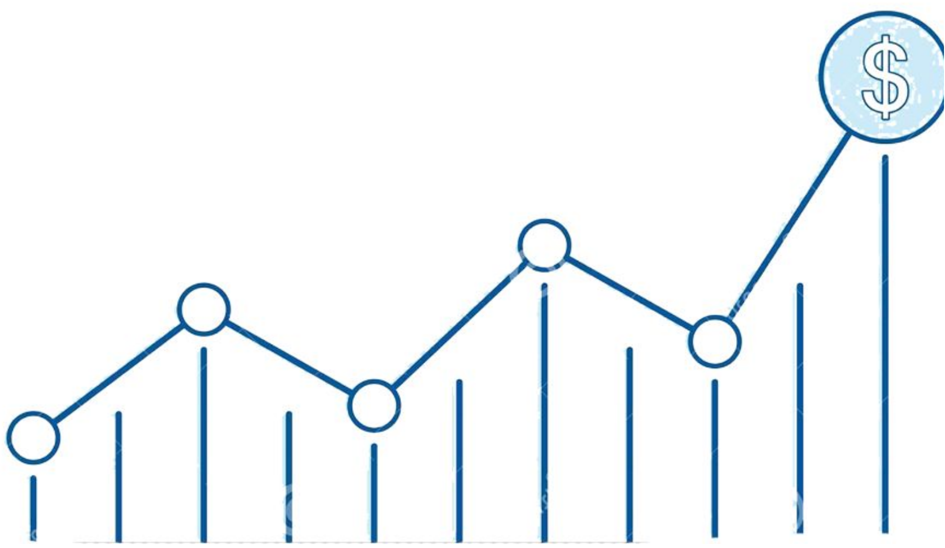
Markets have consequently [adjusted rate cut expectations], pricing in a lower probability of near-term easing. With political and economic variables in flux, the coming months will be critical in determining whether the Fed will shift toward policy easing or maintain its restrictive stance to combat inflationary pressures.

As the US economy navigates a period of resilience mixed with policy uncertainty, the cryptocurrency sector is experiencing its own inflection point—one marked by aggressive institutional accumulation, financial innovation, and deeper integration with traditional financial infrastructure. With inflationary pressures keeping the Federal Reserve on hold, market participants are closely watching how digital assets will respond to macroeconomic trends, monetary policy shifts, and increasing corporate adoption.

MicroStrategy continues to double down on Bitcoin, acquiring another 10,107 BTC for $1.1 billion, bringing its total holdings to 158,400 BTC. The firm has also filed a shelf registration with the SEC, allowing it to raise capital efficiently for future Bitcoin purchases. Meanwhile, Metaplanet, a Tokyo-listed company, made history with a $745 million capital raise to expand its Bitcoin reserves, reinforcing its "Bitcoin-first, Bitcoin-only" strategy amid yen depreciation. This signals a growing institutional conviction that Bitcoin serves as a hedge against monetary debasement and economic instability.

At the same time, Tether is expanding the utility of its $140 billion USDt stablecoin by integrating it into Bitcoin's Lightning Network. This move significantly enhances Bitcoin's financial infrastructure, enabling faster and more efficient global transactions. By leveraging Taproot Assets, Tether is bridging the gap between stablecoins and Bitcoin's security, making it a more viable payment network rather than just a store of value.

INDEX



MARKET SIGNALS

Bitcoin: More Macro-Dependent Than Ever

Over the past week, Bitcoin has shown heightened sensitivity to macroeconomic factors, especially in relation to US economic policy. Recent announcements by President Donald Trump have had a marked influence on global markets, leading to increased uncertainty over the impact of new policy pronouncements, and contributing to a decline in Bitcoin's volatility. This dynamic has already resulted in Bitcoin falling below $100,000.

Figure 1. BTC/USD 4H Chart. (Source: Bitfinex)

Bitcoin started the year strong with a more than 10 percent gain, and January saw a brief spike to a new all-time high to $109,590 on President Donald Trump's inauguration day on January 20th. However, this surge was short-lived, and the price has since retraced, closing January at $102,470. Since then, Bitcoin has continued to show a downward trend, marked by slowing volatility in the first two days of February. BTC has now been trading in a 15 percent range since mid-November and two distinct peaks have formed near $108,000. Historically, such 15-20 percent ranges typically resolve in either direction within 80-90 days, which suggests that Bitcoin may experience a decisive price move in the coming weeks, especially as more macroeconomic developments unfold.

BTC has in fact been leading US equity markets in terms of reaction to macro developments with the asset forming the double top structure at the $108,000 level mentioned above, much earlier than a similar pattern seen in the S&P 500 index (SPX). (refer Figure below)

Figure 2. S&P 500 Index Hourly Chart. (Source: SP)

Similar to BTC, SPX's first peak was reached just prior to President Trump's inauguration and then again just recently on the lower timeframes, prior to news of US threatening tariffs against several nations.

The announcement of new tariffs on Friday, January 31 - comprising a 25% increase on imports from Canada and Mexico, and 10 percent on goods from China—caused the SPX to fall by 0.5 percent, closing at 6,040.53. This drop reflects growing investor concerns over potential negative effects on corporate earnings and broader economic stability.

Bitcoin also saw a decline in response to the tariff news, but the sell-off was more pronounced due to Bitcoin's nature as a tail-risk asset, which tends to experience sharper declines when market sentiment weakens, even if the SPX-BTC correlation is strong. After reaching an intraday high of $106,040 on Friday, Bitcoin's price dipped to an intraday low of $91,657 on Monday, February 3rd.

Figure 3. BTC and SPX Intra-Day Reaction To Tariff News. (Source: Bitfinex and SP)

This downside pressure continued all last weekend, while legacy markets remained closed. As the economic implications of the tariff hikes are digested, further downside in Bitcoin remains likely unless legacy markets can post a recovery.

In the meantime, the SPX-BTC correlation has continued to climb higher, with the BTC 30 Day rolling Pearson correlation, reaching a 5-month high of 0.8. (See Figure below)

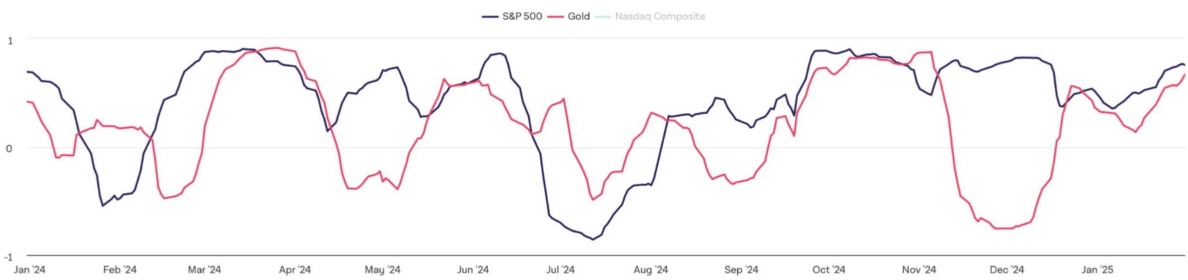


Figure 4. BTC-SPX 30 Day Running Correlation. (Source: TheBlock)

The market impact of the tariff hikes could be significant. Some analysts estimate that the proposed increases in import costs could lead to a 2.8 percent decline in S&P 500 company earnings, a 0.7 percent increase in core inflation, and a 0.4 percent reduction in US GDP. Sectors most vulnerable include materials and consumer discretionary, particularly companies with North American supply chains.

Bitcoin Remains Resilient on Higher Timeframes Despite Macroeconomic Sensitivity

While BTC remains sensitive to macroeconomic factors, it is also exhibiting structural strength on higher timeframes, suggesting that despite ongoing economic uncertainties, US policy changes, and broader risk asset corrections, it remains in a robust trend despite short-term volatility.

BTC has moved 10 percent higher in January, while traditional markets have closed strong but relatively weaker (see Figure below).

Asset Class	Jan	2024	Q4-24	Q3-24	Q2-24	Q1-24	2023	2022	Instrument
Bitcoin	10%	121%	48%	1%	-12%	69%	155%	-64%	BTC
NASDAQ	2%	25%	5%	2%	8%	8%	54%	-33%	QQQ
S&P 500	3%	23%	2%	6%	4%	10%	24%	-19%	SPX
Total World Equities	3%	14%	-2%	6%	2%	7%	19%	-20%	VT
Emerging Market Equity	2%	4%	-9%	8%	4%	2%	6%	-22%	EEM
Gold	7%	27%	0%	13%	5%	8%	13%	-1%	GLD
High Yield	1%	2%	-2%	4%	-1%	0%	5%	-15%	HYG
Emerging Market Debt	2%	0%	-5%	6%	-1%	1%	5%	-22%	EMB
Bank Debt	0%	-1%	0%	0%	0%	0%	3%	-7%	BKLN
Industrial Metals	-1%	3%	-9%	3%	12%	-2%	-6%	-13%	DBB
USD	0%	7%	8%	-5%	1%	3%	-2%	8%	DXY
Volatility Index	-5%	39%	4%	34%	-4%	4%	-43%	26%	VIX
Oil	3%	13%	10%	-13%	1%	18%	-5%	29%	USO

Figure 5. Asset Class Historical Performance.

SPX vs. Bitcoin: Divergence and Market Recovery Post-Election

Following the Republican victory in the November 2024 US elections, Bitcoin and traditional equities diverged significantly. Initially, the S&P 500 saw a sharp drop and filled its election night gap to the downside before rebounding to new highs. Meanwhile Bitcoin, which was trading near $67,000 at the time of the Republican win, surged to levels above $100,000, and which has been reflected in the strength of its January close.

Despite a recent pullback following tariff-related concerns, Bitcoin remains structurally intact on higher time frames. While the SPX has largely seen a choppy upward grind, Bitcoin managed a decisive breakout above key historical resistance levels. Its ability to hold elevated price levels, even amidst broader risk-off events, suggests that Bitcoin's adoption curve and macro positioning remain strong.

Macro Dependency vs. Digital Asset Tailwinds Under Trump

There is no denying Bitcoin's growing sensitivity to macroeconomic factors. With monetary policy, inflation expectations, and US economic developments increasingly shaping global risk markets, Bitcoin now behaves more like traditional financial assets that trade based on global liquidity flows. Rising Treasury yields, Federal Reserve rate policies, and inflation metrics have significantly influenced BTC's price movement in recent months.

However, the regulatory tailwinds under President Trump's administration provide strong fundamental support for Bitcoin's long-term outlook. These include:

- The appointment of crypto-friendly regulators, including SEC Chair Paul Atkins.
- An executive order halting the development of a central bank digital currency.
- The creation of a working group tasked with crafting a new regulatory framework for cryptocurrencies.
- A broader embrace of blockchain innovation within financial markets.

These supportive regulatory measures offer significant backing for Bitcoin's future growth, even as short-term downside remains a factor.

Outlook: Short-Term Downside Possible, But Structural Strength Remains

Despite the potential for short-term downside driven by macroeconomic factors like the Federal Reserve's monetary policy, inflationary pressures, and geopolitical risks, Bitcoin remains on a solid footing in the long term. The combination of long-term adoption trends and a favorable regulatory environment positions Bitcoin well for sustained growth.

Even with the high correlation between Bitcoin and broader macro conditions, Bitcoin's ability to stay well above its pre-election levels—despite global market turbulence—underscores its resilience. The digital asset space is still in the early stages of adoption, and with increasing institutional participation and clearer regulatory frameworks on the horizon, Bitcoin's long-term trajectory remains compelling.

In conclusion, while Bitcoin's short-term volatility may continue in response to macroeconomic influences, its long-term outlook remains positive.

GENERAL MACRO UPDATE

Fed Holds Rates Steady Amid Inflation Concerns and Policy Uncertainty

Figure 6. Federal Reserve Chair Jerome Powell

The Federal Reserve decided to keep benchmark interest rates unchanged, signalling a cautious approach as inflation remains elevated and the labour market remains strong. Fed Chair Jerome Powell emphasised that rate cuts will not occur until economic indicators confirm a sustained decline in inflation.

Last Wednesday, January 29th, the central bank maintained the federal funds rate within the range of 4.25 to 4.50 percent, reinforcing its current stance on the economy, as concerns over potentially inflationary policies has prompted the Fed to take a cautious approach to monetary policy.

While macroeconomic fundamentals have remained relatively unchanged recently, upcoming policy decisions—such as tariffs, immigration policies, and tax measures—could introduce new economic disruptions. Tariffs, if implemented, would likely exert upward pressure on prices, while stricter immigration policies could contribute to wage inflation by reducing the available labour force. Given these potential inflationary risks, we think the Fed's cautious approach appears justified until the full scope of these policy shifts becomes clearer.

Despite previous rate cuts, inflation has plateaued rather than declining significantly, prompting the Fed to exercise patience. The latest inflation data suggests price levels remain above the Fed's two percent target, though far lower than the extreme highs seen in the immediate post-pandemic period. The Fed's latest statement to markets notably shifted in tone, stating that inflation "remains somewhat elevated" - instead of previous language where it was "making progress," - reflecting recent data that showed a stagnation in the personal consumption expenditures (PCE) price index at around 2.6 percent.

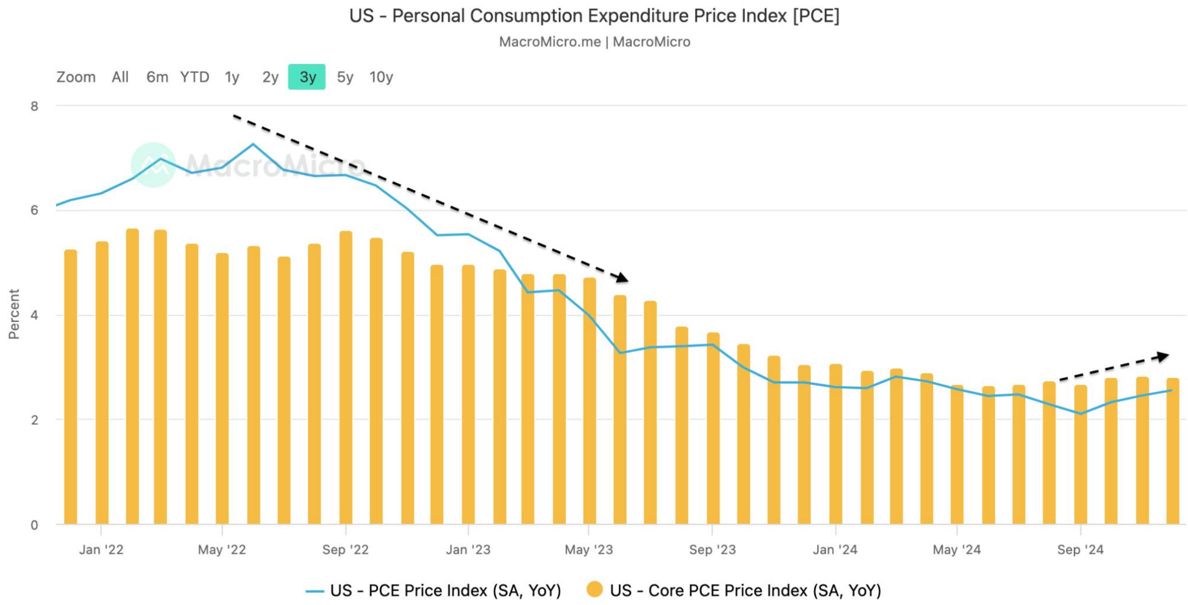


Figure 7. Personal Consumption Expenditure

Strong Labor Market and Economic Resilience

The Fed noted that the economy continues to expand at a solid pace, with a low unemployment rate and strong labour market conditions. These factors support the Fed's decision to hold rates steady, as the central bank balances economic growth with its goal of stabilising inflation.

While the Fed has not provided explicit guidance on future policy moves, its reluctance to commit to a timeline for rate adjustments stems from uncertainty surrounding the aforementioned upcoming fiscal and trade policies. Without a clearer picture of how these changes will impact economic growth and inflation, the Fed's "wait-and-see" approach remains the most prudent course of action.

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES										
MEETING DATE	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500
3/19/2025				0.0%	0.0%	0.0%	0.0%	17.0%	83.0%	0.0%	0.0%
5/7/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.5%	38.4%	56.0%	0.0%	0.0%
6/18/2025	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	21.6%	47.0%	28.7%	0.0%	0.0%
7/30/2025	0.0%	0.0%	0.0%	0.0%	0.6%	7.0%	27.4%	42.9%	22.2%	0.0%	0.0%
9/17/2025	0.0%	0.0%	0.0%	0.2%	2.7%	13.7%	32.4%	36.1%	14.9%	0.0%	0.0%
10/29/2025	0.0%	0.0%	0.0%	0.7%	4.8%	17.3%	33.1%	32.0%	12.0%	0.0%	0.0%
12/10/2025	0.0%	0.0%	0.2%	1.5%	7.2%	20.3%	32.9%	28.1%	9.7%	0.0%	0.0%
1/28/2026	0.0%	0.0%	0.3%	1.9%	8.1%	21.2%	32.6%	26.9%	9.1%	0.0%	0.0%
3/18/2026	0.0%	0.0%	0.2%	1.7%	7.6%	20.1%	31.6%	27.4%	10.6%	0.8%	0.0%
4/29/2026	0.0%	0.1%	0.5%	2.7%	9.6%	22.0%	30.9%	24.6%	9.0%	0.6%	0.0%
6/17/2026	0.0%	0.1%	0.5%	2.9%	9.9%	22.2%	30.8%	24.2%	8.8%	0.6%	0.0%
7/29/2026	0.0%	0.1%	0.5%	2.7%	9.3%	21.2%	30.0%	24.8%	10.1%	1.3%	0.1%
9/16/2026	0.0%	0.1%	0.6%	2.9%	9.7%	21.4%	29.9%	24.4%	9.8%	1.3%	0.1%
10/28/2026	0.0%	0.1%	0.5%	2.7%	9.1%	20.4%	29.1%	24.9%	11.1%	2.0%	0.2%
12/9/2026	0.2%	1.0%	4.2%	11.8%	22.5%	28.1%	21.6%	8.9%	1.6%	0.1%	0.0%

Figure 8. CME FedWatch Tool Conditional Meeting Probabilities

Following the Federal Open Market Committee (FOMC) meeting, financial markets responded with mixed reactions. Investors adjusted their expectations for rate cuts, pricing in a 17 percent probability of a reduction in March, a 71.3 percent chance in June, and lower probabilities for later in the year. Bond yields initially rose but later retreated as Powell's remarks reinforced the Fed's cautious stance.

The CME Fed Watch Tool shows two 25-basis-point cuts in 2025. However, these expectations remain contingent on inflation trends and policy changes that could shift the economic outlook.

With the Fed maintaining flexibility and policy uncertainty remaining high, financial markets are likely to experience continued volatility. The central bank's approach reflects a careful balancing act—ensuring economic growth while preventing inflation from regaining momentum.

US Consumer Spending Surge Keeps Fed on Hold Amid Inflation Pressures

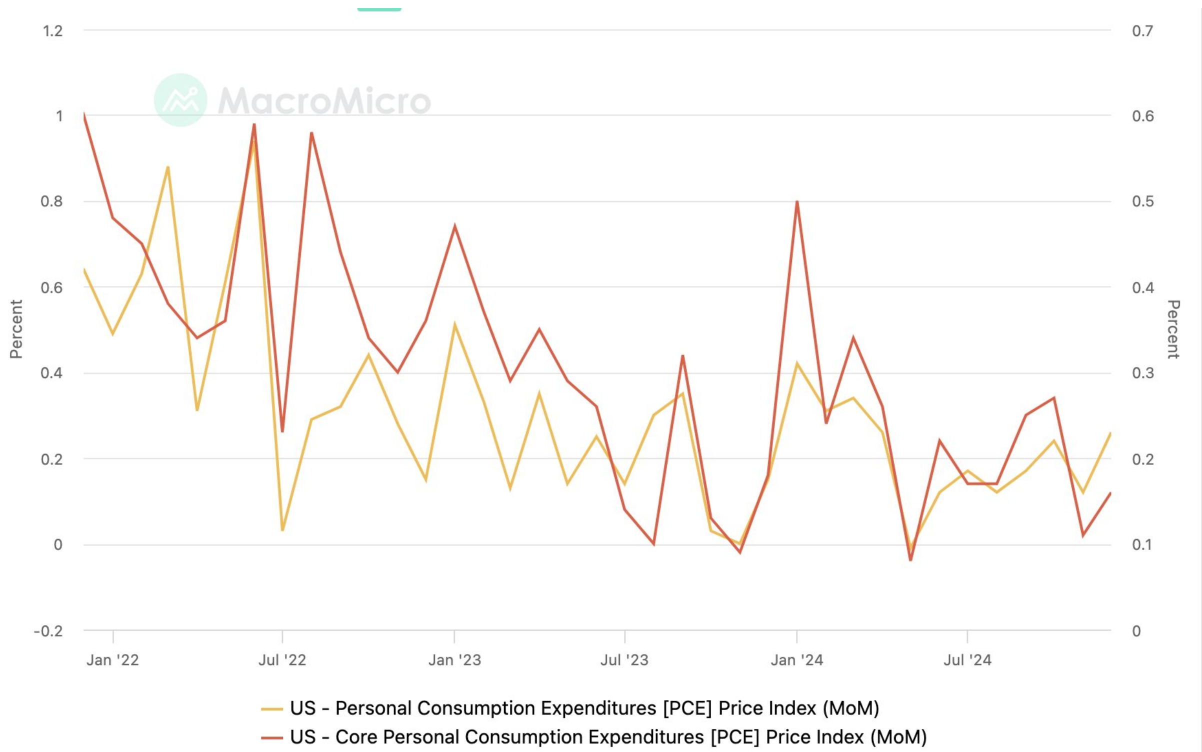


Figure 9. Month-over-Month Percent Change in PCE (Personal Consumption Expenditure) Price Index

Consumer spending in the United States accelerated in December, reflecting robust household income growth and a resilient economy. However, with the uptick in inflation that this spending suggests, the Federal Reserve will likely delay interest rate cuts as policymakers assess progress toward their two percent inflation target.

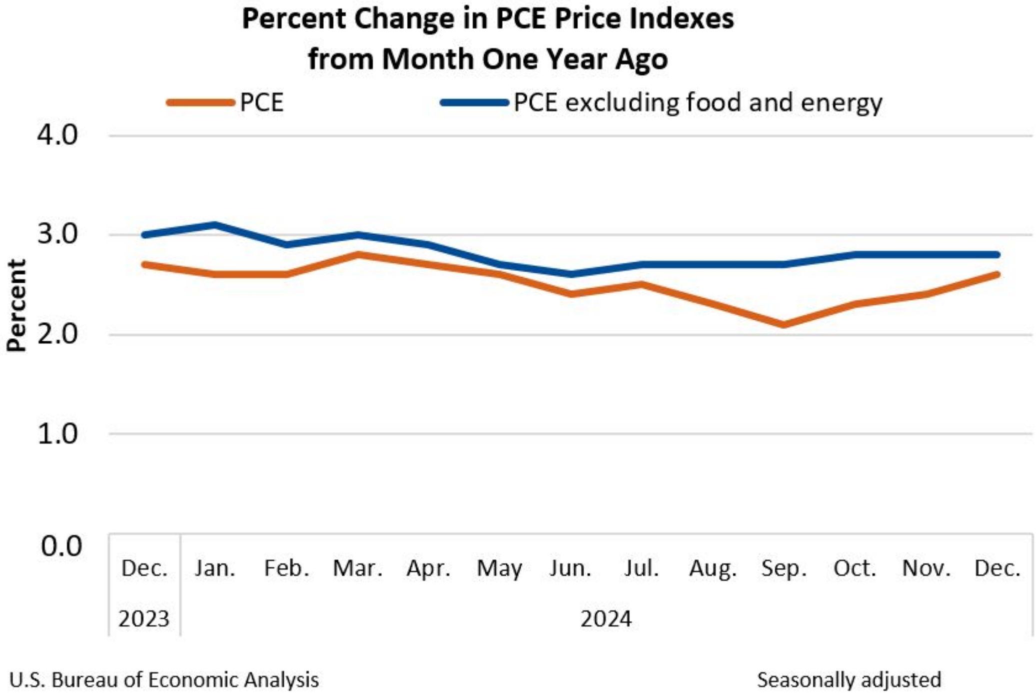


Figure 10. Year-over-Year Percent Change in PCE Price Index

The latest data from the Bureau of Economic Analysis issued on January 31st, showed that the Personal Consumption Expenditures (PCE) Price Index rose 0.3 percent in December—the largest monthly increase since April—following a modest 0.1 percent rise in November. On an annual basis, PCE inflation advanced to 2.6 percent, marking the highest gain in seven months, up from 2.4 percent in November. Core PCE inflation, which excludes volatile food and energy prices, remained stubbornly high, at 0.2 percent from a month ago, and 2.8 percent from a year-ago.

This slowdown in disinflation has reinforced the Fed's cautious stance, as policymakers emphasise the need to see further easing in service inflation and rental prices before committing to a rate cut. The central bank held rates steady at 4.25–4.50 percent at its latest policy meeting and indicated that it is in no rush to adjust rates without clearer evidence of sustained inflation moderation.

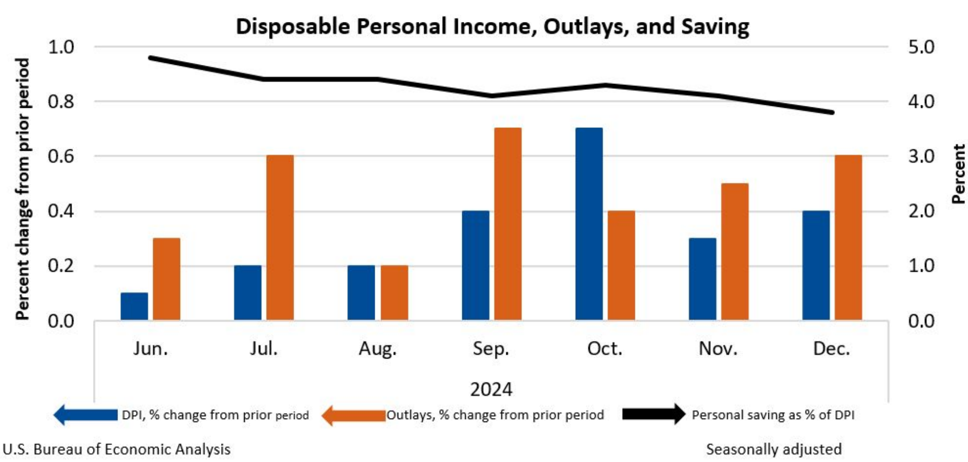


Figure 11. Disposable Income, Outlays and Savings

Fears over potential tariffs have also influenced consumer behaviour, prompting preemptive buying and further fueling spending growth. Consumer spending, which comprises more than two-thirds of the US economy, surged by 0.7 percent in December, building on an upwardly revised 0.6 percent gain in November. Adjusted for inflation, real consumer spending rose 0.4 percent, positioning the economy for stronger growth in early 2025.

Personal income grew by 0.4 percent in December, but since spending grew even more, the savings rate fell to its lowest level in two years at 3.8 percent. This suggests that while people are earning more, they are also spending more, possibly due to confidence in the economy or concerns about future price increases.

In a separate report, the Employment Cost Index (ECI), a key measure of labour costs, increased by 0.9 percent in the fourth quarter, slightly up from the 0.8 percent rise in the third quarter. On a yearly basis, labour costs climbed 3.8 percent, marking the slowest growth since 2021, yet still above pre-pandemic levels.

As long as US productivity stays about 2 percent each year, wage increases won't necessarily drive up prices too much, keeping inflation under control. However, mass deportation may add some presure. If many workers are deported, fewer people could be available for jobs, causing businesses to raise wages to attract workers. While higher wages can be good, if they rise too fast without workers becoming more productive, businesses might raise prices to cover the costs, which could make inflation worse.

Looking ahead, the economy could get a boost from possible tax cuts and fewer regulations, which might encourage businesses to invest more. However, these policies could also push prices higher, making it harder for the Fed to lower interest rates. For now, the Fed is watching how things unfold and will only make changes when there's a clear sign that inflation is under control. Until then, interest rates are expected to stay where they are, keeping borrowing costs steady for businesses and consumers.

US Economy Closes the Year with 2.3 Percent Growth

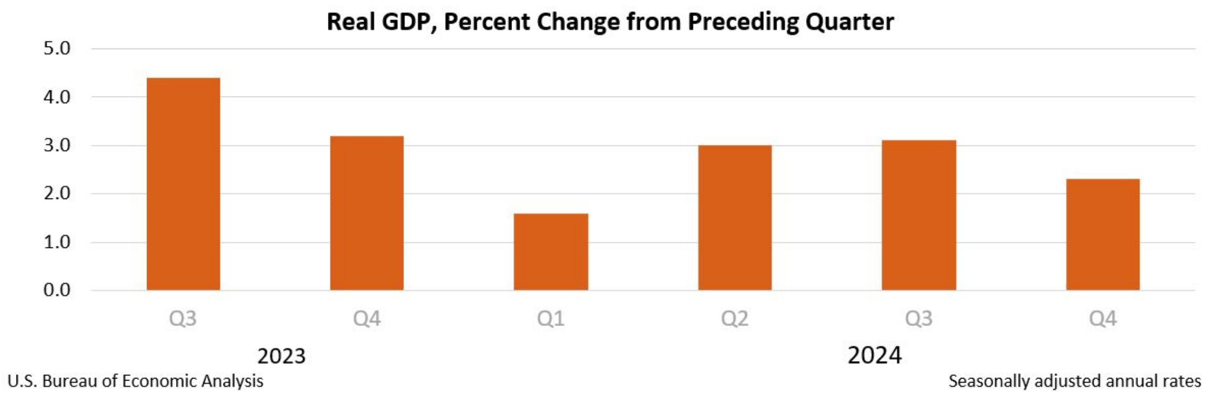


Figure 12. Real GDP, Percent Change from the Preceding Quarter

The US economy expanded by 2.3 percent in the final quarter of the year, reflecting strong consumer spending and increased government expenditure. However, this growth was tempered by declining business inventories and trade-related uncertainties.

According to the Bureau of Economic Analysis' Gross Domestic Product report issued last Thursday, January 30th, the 2.3 percent growth rate follows a stronger 3.1 percent expansion in the previous quarter.

Household consumption surged by 4.2 percent, playing a crucial role in sustaining economic momentum. Government spending also rose by 2.5 percent, providing additional support to overall growth. However, businesses saw a sharp reduction in inventories, contributing a negative 0.93 percent drag on the overall GDP figure.

The trade sector presented mixed signals. Despite a record-high goods trade deficit in December, imports surprisingly declined. This anomaly is expected to be short-lived, as businesses will likely accelerate import activity in the first quarter to circumvent impending tariff changes. With robust consumer demand still present, any excess inventory accumulated before the tariffs will likely be absorbed by the market.

Despite economic stability, political factors are introducing new uncertainties. The incoming administration's proposed fiscal, trade, and immigration policies have introduced an element of unpredictability, leaving businesses and investors cautious about the future trajectory of the economy.

NEWS FROM THE CRYPTO-SPHERE

MicroStrategy Acquires 10,107 Additional BTC, Files Shelf Registration with SEC

Figure 13.MicroStrategy Acquires 10,107 Additional BTC, Files Shelf Registration with SEC

- **MicroStrategy acquired 10,107 BTC on January 26, 2025, for $1.1 billion, bringing its total holdings to 158,400 BTC**
- **MicroStrategy filed a shelf registration with the SEC and launched a public offering of 2.5 million Series A Perpetual Strike Preferred Stock to raise capital for Bitcoin acquisitions and corporate needs**

Michael Saylor, co-founder and Executive Chairman of MicroStrategy, announced last Monday, January 27th, that the company has acquired an additional 10,107 Bitcoins for approximately $1.1 billion, averaging about $105,596 per Bitcoin. The purchase was completed on Friday, January 26, 2025. This acquisition brings the company's total holdings to 158,400 Bitcoins, acquired for around $4.68 billion at an average price of $29,589 per Bitcoin. Saylor also highlighted that MicroStrategy has achieved a Bitcoin yield, generating approximately 0.03 BTC per Bitcoin held.

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 27, 2025

MICROSTRATEGY INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	**0-24435**	**51-0323571**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

1850 Towers Crescent Plaza
Tysons Corner, Virginia **22182**
(Address of principal executive offices) **(Zip Code)**

Registrant's telephone number, including area code: (703) 848-8600

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on which Registered
Class A common stock, par value $0.001 per share	MSTR	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Figure 14. Microstrategy's Form 8-K

Furthermore, MicroStrategy filed an automatic shelf registration statement on Form S-3ASR with the US Securities and Exchange Commission (SEC). This filing allows the company to offer and sell various securities—including debt securities, class A common stock, preferred stock, depositary shares, warrants, and units—from time to time, as detailed in future prospectus supplements. The registration allows MicroStrategy to raise capital efficiently to support its corporate strategies and financial needs.

As part of this shelf registration, MicroStrategy announced a public offering of 2,500,000 shares of its Series A Perpetual Strike Preferred Stock. The company intends to use the net proceeds from this offering for general corporate purposes, including further Bitcoin acquisitions and working capital. The preferred stock carries a liquidation preference of $100 per share and will accumulate cumulative dividends at a fixed rate determined at the pricing of the offering. These dividends will be payable quarterly, beginning on March 31, 2025, and may be distributed in cash, class A common stock shares, or a combination of both at MicroStrategy’s discretion.

Holders of the perpetual strike preferred stock will also have the right to convert their shares into class A common stock under certain conditions. Additionally, MicroStrategy retains the option to redeem all outstanding shares of the preferred stock under specific circumstances, including when the total aggregate liquidation preference falls below 25 percent of the original issuance or if certain tax events occur.

This latest financial move aligns with MicroStrategy’s ongoing strategy of leveraging capital markets to strengthen its Bitcoin holdings while providing additional funding flexibility.

Metaplanet Announces Historic $745 Million Bitcoin Investment

Figure 15. Metaplanet Announces Historic $745 Million Bitcoin Investment

- **Metaplanet announced on Tuesday, Jan 28, a $745 million capital raise, using zero percent discount moving strike warrants to minimise shareholder dilution.**
- **The company's "Bitcoin-first, Bitcoin-only" strategy aims to increase BTC holdings amid yen devaluation, bringing its total to 1,762 BTC, making it the 15th largest public Bitcoin holder**

On Tuesday, January 28, Tokyo-listed Metaplanet announced a landmark 116 billion yen ($745 million) capital raise, marking the largest Bitcoin-focused equity offering in Asian market history. The company issued 21 million shares through zero percent discount moving strike warrants, allowing holders to purchase shares at market price and minimising dilution for existing shareholders.

The capital raise is in line with Metaplanet's "Bitcoin-first, Bitcoin-only" strategy as it seeks to expand its Bitcoin holdings in response to the yen's depreciation and Bitcoin's rising value. With this latest capital infusion, Metaplanet now holds 1,762 BTC, making it the 15th largest publicly traded Bitcoin holder.

The market has responded positively to the company's Bitcoin-centric approach, with Metaplanet's shares rising 16 percent year-to-date.

Tether Expands USDt to Bitcoin and Lightning Network, Enhancing Global Transactions

Figure 16. Tether Expands USDt to Bitcoin and Lightning Network, Enhancing Global Transactions

- **Tether is integrating its $140 billion USDt stablecoin onto the Bitcoin Lightning Network, leveraging Taproot Assets to enable faster payments**
- **This move enhances Bitcoin's financial utility by combining its security and decentralisation with Lightning's scalability, and will allow millions to send USDt globally more efficiently**

Tether, the issuer of the world's largest stablecoin, is bringing its $140 billion USDt token to the Bitcoin blockchain through the Lightning Network, according to an announcement last Thursday, January 30th. This move aims to enhance Bitcoin's utility by enabling faster, more reliable transactions for remittances and payments.

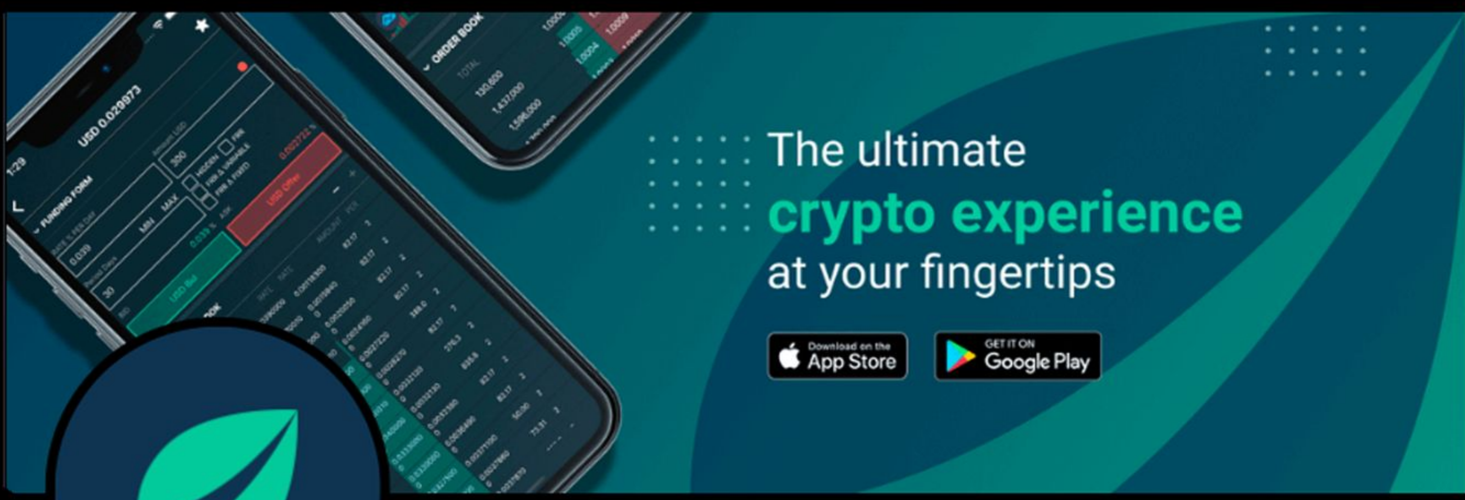
Tether CEO Paolo Ardoino emphasised that integrating USDt with Bitcoin and Lightning would facilitate "practical solutions for remittances, payments, and other financial applications that demand both speed and reliability."

While stablecoins have seen tremendous adoption in recent years, their usage has been primarily concentrated on smart contract blockchains such as Ethereum, Tron, and Solana. Bitcoin has traditionally not been a preferred network for stablecoin transactions due to its design limitations. However, the introduction of Taproot Assets is changing this landscape.

Taproot Assets, an infrastructure developed by Lightning Labs, enables the issuance of digital assets on Bitcoin’s base layer while allowing their transfer over the Lightning Network. This innovation significantly improves transaction efficiency, reducing costs and making micropayments more practical.

By integrating USDt with Bitcoin and Lightning, Tether is leveraging Bitcoin’s robust security and decentralisation while utilising Lightning’s scalability to facilitate near-instant, low-cost transactions. "Millions of people will now be able to use the most open, secure blockchain to send dollars globally. It all comes back to Bitcoin,” said Elizabeth Stark, CEO of Lightning Labs.

This development marks a major step in bridging the gap between stablecoins and Bitcoin, potentially expanding Bitcoin’s role beyond a store of value into a more versatile financial ecosystem.



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