BITFINEX Alpha

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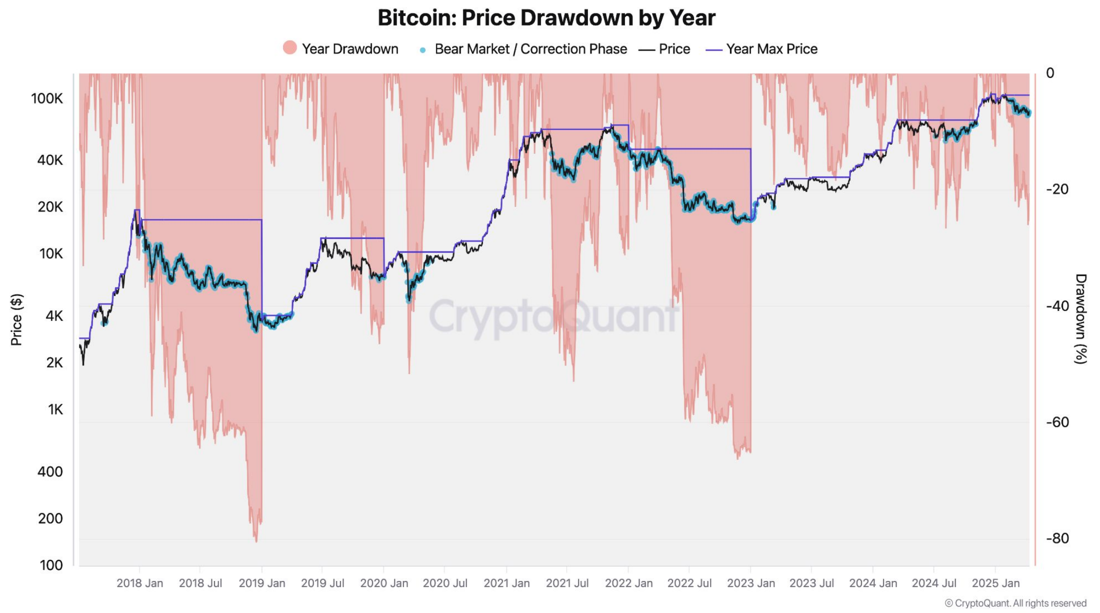
EXECUTIVE SUMMARY

Buyers Waiting in the Wings

Bitcoin recovered strongly over the past week, reclaiming the $85,000 level. The bounce was driven by macro relief after US President Donald Trump announced a 90-day pause on new tariffs, easing trade tensions and reigniting risk appetite. Importantly, the rebound was powered by spot market demand rather than leveraged derivatives positioning, indicating genuine conviction among buyers. Bitcoin closed the week 6.67 percent higher, extending a 15 percent move from the lows and suggesting that the correction—now 83 days long and 31 percent deep—remains consistent with typical mid-cycle retracements seen in past bull markets.



Bitcoin Price Drawdown Every Year Showing Max Price and Correction Phases (Source: CryptoQuant)

Spot cumulative volume delta across major exchanges shows sustained aggressive buying, yet the price remains trapped within a $75,000 to $85,000 range. This divergence signals potential for an upside breakout if supply thins further. However, a short-term pullback early this week is expected, driven by profit-taking. The response to this dip—whether buyers continue absorbing supply—will determine if Bitcoin pushes toward $90,000. On-chain data adds confluence, with long-term holder accumulation turning positive for the first time since December. While early signals are constructive, confirmation of trend strength still depends on how demand holds up during any short-term weakness.

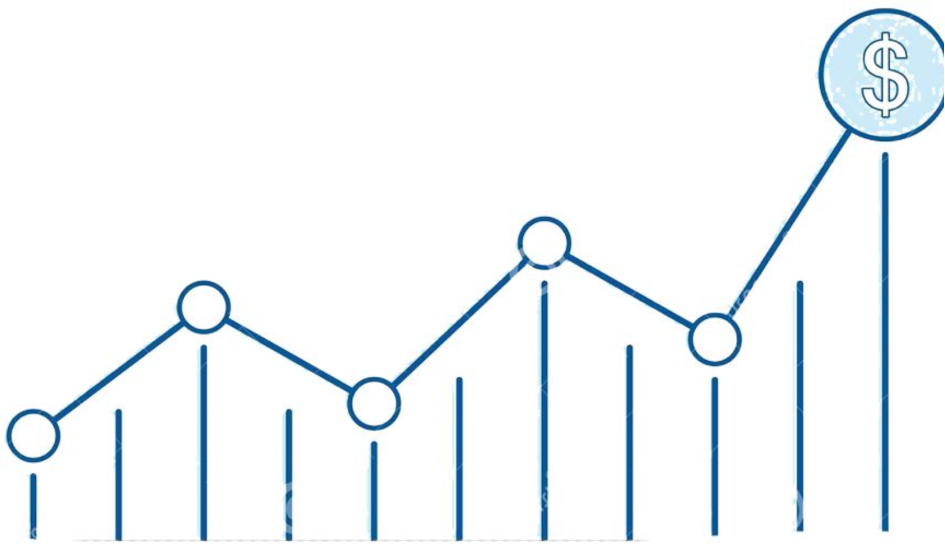
In March, headline inflation offered what seemed like a brief reprieve, as the Consumer Price Index dipped slightly due to falling energy and transportation costs. However, beneath this temporary calm lies a looming storm: new trade tariffs, especially those recently enacted and threatened by the US administration, are poised to push prices higher in the coming months. Core inflation, particularly in services and housing, remains stubbornly elevated, reinforcing concerns that inflationary pressures are far from over. This precarious inflation outlook coincides with mounting instability in financial markets. A dramatic pivot in trade policy—first escalating tariffs, then hastily walking them back—has undermined global confidence in the US economic direction, triggering capital flight from US assets.

US Dollar Index, DXY (Source: Tradingview)

The dollar has weakened sharply, Treasury yields have surged, and volatility has spiked, revealing a market environment that is increasingly on edge. Even a short-lived rally in the S&P 500 failed to calm fears, as investors continue to grapple with the consequences of erratic policy moves. Meanwhile, consumer sentiment is plunging. The University of Michigan's latest survey shows a steep drop in confidence and a shocking surge in inflation expectations to levels not seen since the early 1980s. Households now anticipate persistent inflation and rising unemployment, pulling back spending and bracing for economic hardship. This erosion in both financial and consumer confidence suggests that the US economy stands at a critical crossroads. With inflation fears clashing against slowing growth, the Federal Reserve faces a no-win scenario—likely postponing any rate cuts while walking a tightrope between controlling inflation and avoiding a full-blown recession. The convergence of tariff-driven inflation, policy-induced market volatility, and collapsing consumer confidence paints a stark warning: unless clarity and stability return soon, the US economy may be heading into its most challenging period since the pandemic.

In crypto news last week, Galaxy Digital secured SEC approval to redomicile in Delaware and list on Nasdaq under the ticker GLXY—a strategic move that signals increasing acceptance of digital asset investments with traditional US capital markets. While this development underscores the legitimacy and scaling of crypto infrastructure, elsewhere, the risks of unregulated hype came into stark focus. In Argentina, a congressional inquiry has been launched into the failed Libra token, a Solana-based memecoin that President Javier Milei publicly endorsed before its value crashed by over 90 percent, wiping out billions in speculative market cap. What began as a political show of support for innovation quickly turned into a scandal, with lawmakers demanding accountability and some even calling for Milei's impeachment. Meanwhile, in the US, North Carolina is charting a more cautious but optimistic course by introducing the Digital Asset Freedom Act, a bill that proposes allowing select cryptocurrencies for tax payments and transactions—provided they meet strict standards for liquidity, decentralisation, and long-term market integrity. With such divergent developments unfolding simultaneously—from institutional adoption to political fallout—the crypto landscape continues to evolve as both a vehicle of transformation and a mirror of the challenges that come with disruption.

INDEX



MARKET SIGNALS

Bitcoin Recovers to Reclaim $85,000

Bitcoin fell sharply early in the week, falling to a low of $74,501 amid sustained downward pressure from equity markets. Even the lower-than-expected March inflation data revealed last Friday failed to spark a material upside reaction in the BTC price. Bitcoin continues to remain firmly anchored to macroeconomic developments, with the dominant narrative currently shaped by US trade policy and the Fed's monetary stance rather than even traditional inflation metrics.

The market environment shifted markedly when President Trump announced a 90-day pause on new tariffs on April 9th, leading to a rapid de-escalation in trade tensions. This macro relief, which continued to be reflected in weekend trading, has spurred a sharp rebound in risk appetite—particularly in Bitcoin. Notably, this is being driven predominantly by spot market demand, with a clear absence of aggressive derivatives-led positioning, indicating strong conviction from real-money buyers.

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

After an initial 5.1 percent decline from the weekly open, BTC reversed course and posted a remarkable 15 percent trough-to-peak move. The week concluded with Bitcoin closing 6.67 percent higher, underscoring a solid bounceback supported by improved macro clarity and sustained spot inflows. We will explore the nature of this buying in more detail later in this chapter.

An important observation in the current market is the duration and depth of Bitcoin's correction since the all-time high of $109,590, registered on January 20th this year. As of now, it has been 83 days since that peak, with the price falling just over 31 percent, and well within the historical bounds of a typical "bull market correction".

In previous cycles, such pullbacks from local or cycle highs have often ranged between 25 to 35 percent, followed by a consolidation period lasting 90 to 120 days before new highs are achieved. From this perspective, both the scale and the timing of the current retracement fall squarely within precedent. This correction, while sharp, does not yet signal a break in trend—instead, it continues to fit the mould of a textbook mid-cycle reset.

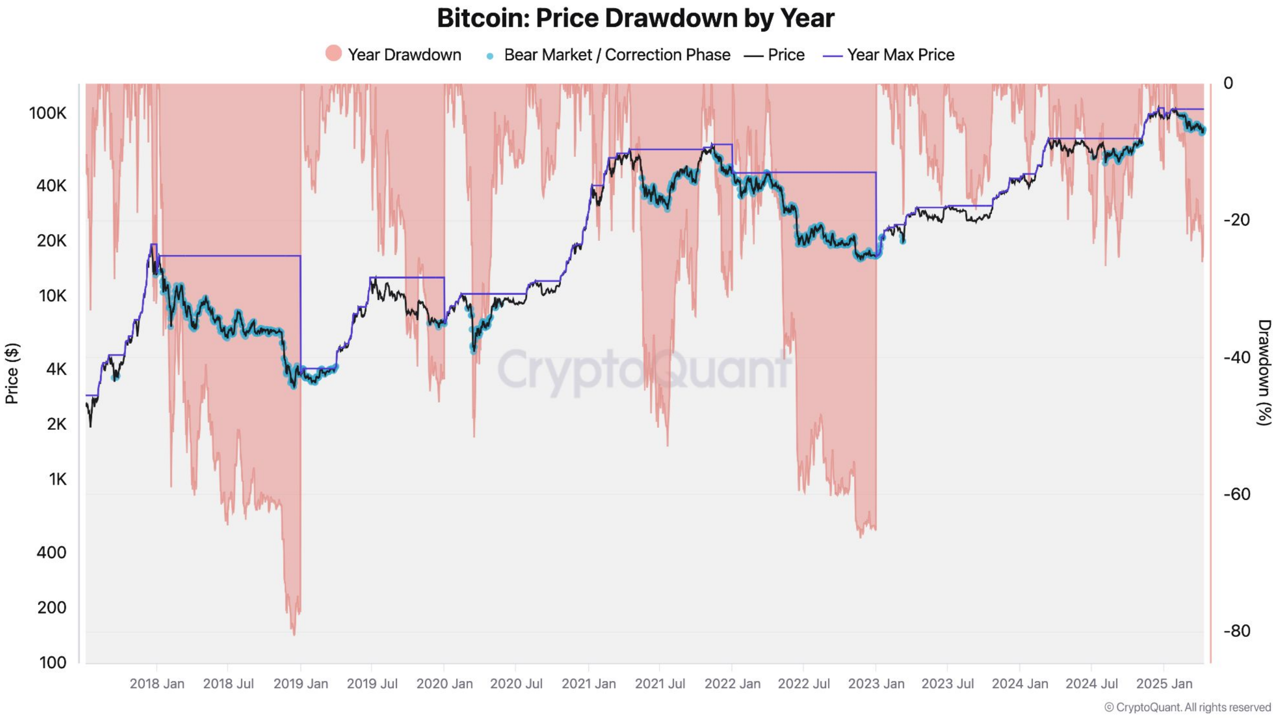


Figure 2. Bitcoin Price Drawdown Every Year Showing Max Price and Correction Phases. (Source: CryptoQuant)

Amidst a lot of speculation around the [Four Year/Halving Cycle Theory]() still being valid, we believe that the Bitcoin price continues to reflect the logic that as less Bitcoin is mined, the value of the asset rises as scarcity increases. This is in contrast to altcoins which are now 70-90 percent lower from cycle highs, primarily due to market over-dilution.

If equity markets continue rising this week on tariff news, then Bitcoin likely has a tailwind to continue its move higher. Indeed, even though there is still fear that the Fed will continue to resist cutting rates and that the US administration could still "flip-flop" on its tariff policies, we have seen Bitcoin continue to move higher over the weekend on the back of strong spot buying pressure.

Figure 3. BTC/USD Hourly Chart With Cumulative Spot Delta Across Major Exchanges. (Source: Coinalyze)

Over the past week, a critical signal has been the steady rise in Spot Cumulative Volume Delta (CVD). CVD, which measures the net difference between aggressive buy and sell market orders, has been climbing consistently across major spot exchanges. This indicates that buyers have been persistently absorbing supply, actively lifting offers even as large sellers tried to fill limit sell orders. However, despite this the price has still remained largely within the $75-85,000 range, with sideways trading on the very highest timeframes.

This divergence—where aggressive buying continues while price remains capped—suggests that underlying demand is quietly building, and that it is not being matched by forceful selling. The consistent nature of the CVD uptick across exchanges implies broad-based accumulation, not just activity concentrated to one region or venue. It is a sign of conviction among buyers, potentially from institutional or longer-term players, who appear to be accumulating rather than chasing price.

From a market dynamics perspective, this type of accumulation under the surface can create a springboard effect. If supply begins to thin out or large passive sellers are cleared from the book, price is likely to respond sharply to the upside. However, we need macro confluence for this to happen. Historically, such conditions—where spot CVD rises during consolidation—tend to precede breakouts with momentum once resistance is breached.

An important nuance to keep in mind is that even if aggressive spot buying persists into the new week, we still anticipate a short-term pullback early in the week. This would not necessarily be bearish in structure—it would more likely reflect routine profit-taking after a strong move. In many cases, when aggressive market orders push prices higher and then pause, the absence of further buying can result in a bid-ask imbalance, where the nearest bids sit well below the current price. This often triggers a mechanical pullback as price reverts toward those deeper bid levels.

The key to distinguishing between a healthy retracement and a deeper pullback lies in whether that spot buying aggression reappears during the decline. If buyers return to lift offers again and absorb sell-side pressure, it would signal continued conviction, and likely set the stage for a push toward the $88,000–$90,000 range. Conversely, if the pullback occurs on weakening demand, it may suggest that the prior rally was more speculative or temporary in nature, increasing the likelihood of a deeper consolidation.

In summary, while a minor pullback appears likely early in the week, how the market responds during that dip—particularly in terms of spot market behaviour—will provide critical insight into whether a more upward momentum is on the table.

Buyers Appear to be Gathering

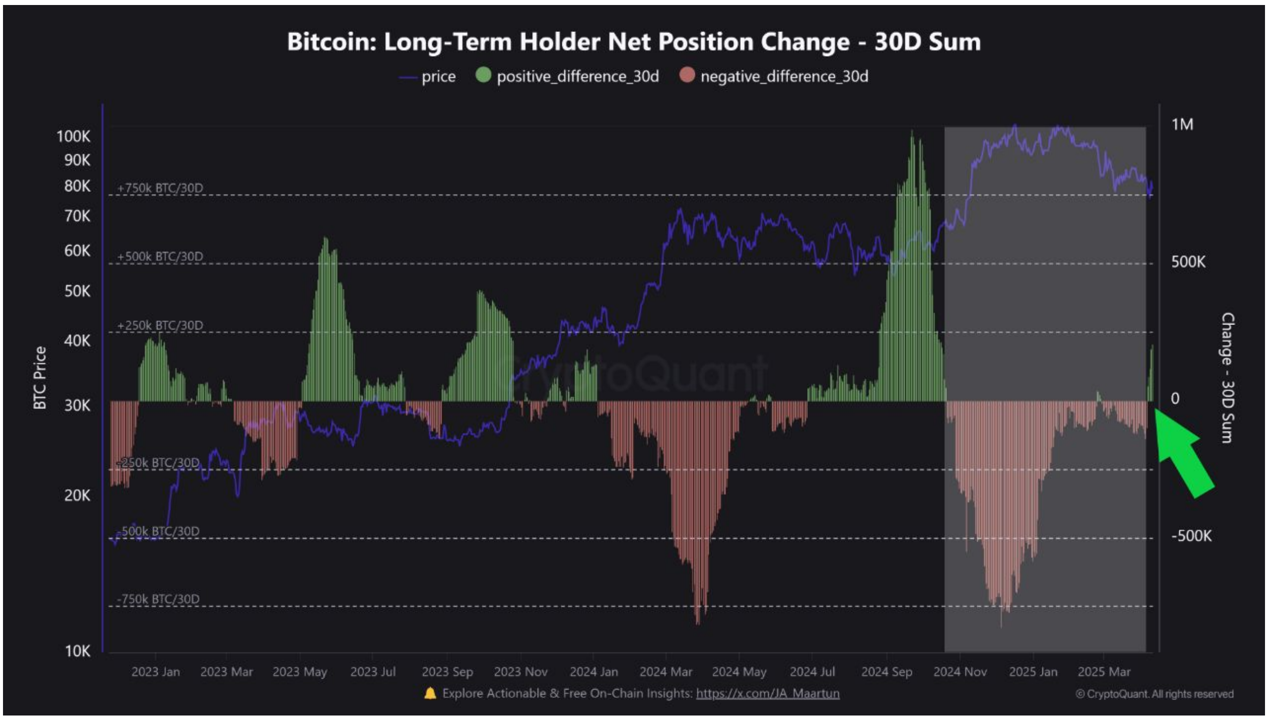


Figure 4. Bitcoin Long-Term Holder Net Position Change. (Source: CryptoQuant)

Since late October 2024, the Long-Term Holder Net Position Change (30-day sum) has remained deeply negative, highlighting a sustained period of distribution from long-term investors (see Figure 4 above). This wave of sell-side pressure reached its climax on 5 December 2024, when the metric bottomed at –827,750 BTC—a level that coincided with a 32 percent drawdown in the BTC price, marking one of the steepest corrections of the current cycle.

However, there are signs that this trend may be beginning to shift. As of 6 April 2025, the Net Position Change metric has not only moved back into positive territory, but is also exhibiting a clear uptick in momentum. This inflection aligns with a roughly 12 percent rebound in Bitcoin's price, raising the prospect that long-term holders are once again beginning to accumulate after months of distribution.

That said, it would be premature to declare this a full trend reversal. While the change is encouraging and suggests that long-term conviction may be returning, the strength of the momentum is not yet robust enough to confirm a definitive shift in market structure. It should be treated as an early signal in confluence with the delta metrics. So as of now both on-chain and centralised exchange data shows a confluence of spot buying pressure, however, how this evolves on minor pullbacks will make all the difference.

GENERAL MACRO UPDATE

Temporary Dip in US Inflation Masks Looming Price Pressures from Tariffs

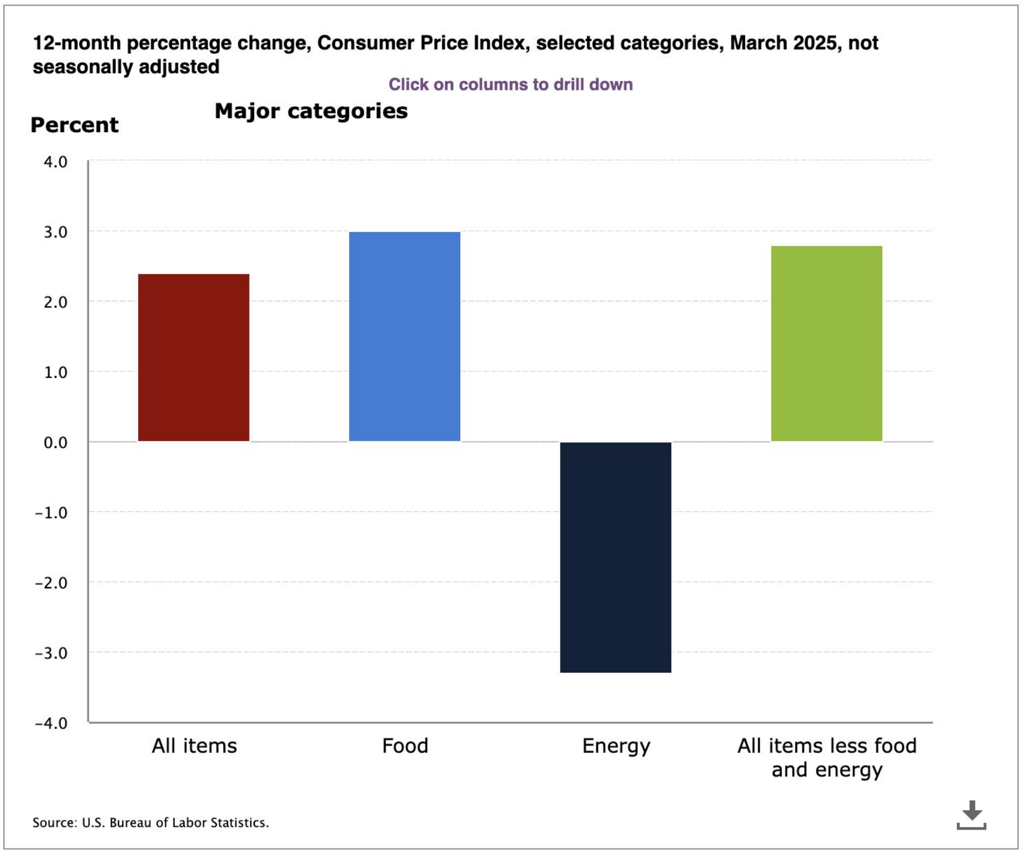


Figure 5. Major Categories in Consumer Price Index (Source: Bureau of Labor Statistics)

US consumer inflation appeared to cool in March, largely due to falling energy and transportation costs. But behind the soft data lies a warning: this relief is unlikely to last, as new trade tariffs threaten to reignite inflationary pressures in the months ahead.

According to the Bureau of Labor Statistics' Consumer Price Index Summary, issued last Thursday, April 10th, the Consumer Price Index (CPI) dropped by 0.1 percent in March—an unexpected decline—thanks to cheaper gasoline and used vehicles. On a yearly basis, the overall CPI rose 2.4 percent.

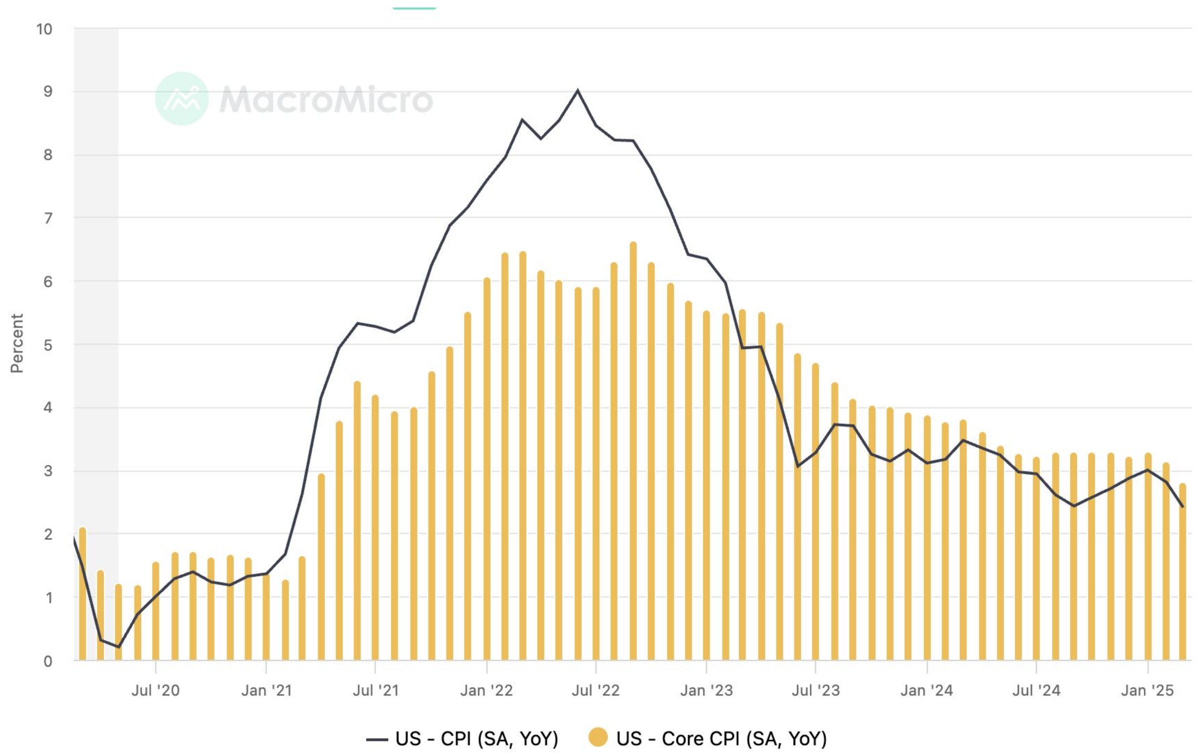


Figure 6. Year-over-Year Change in Consumer Price Index (Source: Bureau of Labor Statistics, Macromicro)

However, a more stable measure of inflation known as the core CPI, which removes the volatile food and energy components, still increased by 0.1 percent for the month and by 2.8 percent over the past year.

At first glance, the March CPI data might look reassuring. In normal times, falling prices could help ease pressure on households and reduce fears of overheating in the economy. But these are not normal times.

The March reading is likely the last unaffected snapshot of inflation before the full impact of new trade tariffs is reflected in the data. President Trump's decision to double tariffs on Chinese imports is expected to ripple through supply chains and increase costs for both businesses and consumers. We expect that inflation is likely to rise again soon, making the March data more of a temporary pause than a turning point.

Much of the decline in inflation was due to a 0.7 percent drop in used car and truck prices, which pulled down transportation costs. But that decline is unlikely to continue, as trade-related price increases begin to affect vehicle imports and production costs.

Meanwhile, services—which make up nearly 64 percent of the CPI basket—increased by 0.2 percent for the month, and were up 3.7 percent compared to last year. These service costs, which include everything from healthcare to travel, are slower to change but tend to be stickier, making them a long-term driver of inflation.

Housing costs showed a mixed picture. While shelter prices rose only 0.2 percent, the owner's equivalent rent (a key indicator that reflects housing inflation from a homeowner's perspective) climbed 0.4 percent month-on-month and 4.4 percent over the year—a sign that housing-related inflation remains persistent.

On the other hand, energy prices, particularly oil and gasoline, continue to trend lower, which could help limit inflation in the short term. But any benefit here may be offset by rising import costs from new tariffs.

For the Federal Reserve, this data brings little comfort. Despite the headline decline in prices, policymakers are likely to dismiss the temporary softness and focus instead on what's coming: a potential spring and summer surge in inflation driven by higher input and import costs.

The Fed is unlikely to consider cutting interest rates anytime soon. Barring a significant economic downturn, the central bank will likely wait until at least the fall before reassessing its stance.

The March inflation report may have offered a momentary break for consumers, but it doesn't tell the full story. With tariffs set to drive up prices and services continuing to push inflation upward, the road ahead looks less forgiving. The Fed, investors, and households alike should prepare for renewed price pressures and a more cautious economic outlook in the months to come.

Trade Policy Uncertainty Triggers Global Flight from US Assets Despite Short-Term Market Rally

A sharp pivot in US trade policy has unleashed ripple effects across global markets, triggering a broad sell-off in US assets and injecting fresh volatility into the financial system. While a dramatic 9.52 percent surge in the S&P 500 last Wednesday suggested a wave of investor relief after punitive tariffs were rolled back, the broader financial backdrop reveals persistent fragility that could weigh heavily on economic momentum.

At the center of this turbulence is growing scepticism—both domestic and international—toward the US government's handling of trade and economic policy. Investors have responded by pulling capital out of US stocks, bonds, and even the dollar, which is traditionally viewed as a global safe haven.

The Dollar's Decline and the Flight from Safety

Figure 7. US Dollar Index, DXY(Source: Tradingview)

Adding to the unease, investors—including foreign central banks—have begun selling off US Treasury securities, once considered among the safest assets in the world. Yields on the benchmark 10-year Treasury note have surged by 14.87 percent from April 7th to April 12th, last week, a move that signals falling bond prices and rising risk premiums.

Figure 8. US 10-Year Treasury Bond Yield (Source: Tradingview)

Figure 9. [***Cboe Volatility Index***]

Although equity markets staged a strong one-day comeback, underlying sentiment remains shaky. The CBOE Volatility Index (VIX)—a widely watched measure of investor fear—spiked from 21.93 on April 1st to 60.13 by April 7th, reflecting panic-like conditions in the stock market. While it has since eased to 37.98 as of April 12th, it remains elevated, signaling that investors are still bracing for significant price swings and market instability.

This rally appears more like a reflexive rebound following tariff news than a genuine sign of market health. A single-day gain of nearly 10 percent might signal temporary optimism, but such exaggerated moves are more typical in periods of disorder—similar to the erratic swings seen during the 2008 financial crisis

At the core of this turmoil is the US administration's chaotic trade strategy, which has left markets unsure about the direction of policy. Initially, a series of aggressive tariffs pushed the effective tax on imports to 25 percent, straining global supply chains and raising costs for American firms.

Facing economic backlash, the government reversed some of these measures—but not before damaging investor trust. The bond market, which many see as the most accurate gauge of long-term economic expectations, responded sharply. Spiking yields appear to have pressured the White House into seeking an "off-ramp" from its unpredictable tariff rollout.

While the rollback of tariffs delivered a temporary boost to equity prices, the bigger picture remains concerning. A weakening dollar, falling bond prices, and rising financial stress levels point to deeper structural problems. Investors are clearly losing faith in the US government's economic direction, leading to a multi-asset sell-off that affects stocks, bonds, and currencies alike.

Unless clarity returns to fiscal and trade policy, and financial conditions stop tightening, the risk of a slowdown—or even a recession—will continue to cast a long shadow over the US economy in 2025.

Plunging Consumer Confidence and Surging Inflation Expectations Raise Recession Alarms in the US

	Apr 2025	Mar 2025	Apr 2024	M-M Change	Y-Y Change
Index of Consumer Sentiment	**50.8**	57.0	77.2	-10.9%	-34.2%
Current Economic Conditions	**56.5**	63.8	79.0	-11.4%	-28.5%
Index of Consumer Expectations	**47.2**	52.6	76.0	-10.3%	-37.9%

Figure 10. Preliminary Results for April 2025 University of Michigan Consumer Sentiment Survey

Consumer confidence in the US took a dramatic hit in April, while inflation expectations soared to levels not seen in over four decades—warning signs that the economy may be heading toward a recession as trade tensions intensify.

According to the latest University of Michigan Consumer Sentiment Survey, released last Friday, April 11th, confidence fell to 50.8 in April from 57.0 in March. This marks the lowest level since 2022 and a sharper drop than economists had anticipated. The consensus forecast was a decline to 54.5.

In any economy, consumer sentiment is essential. When consumers and businesses feel uncertain about the future, they pull back on spending and investment. This behavior can snowball into a broader economic slowdown, especially when paired with policy uncertainty and inflation pressures.

That's exactly what seems to be happening now. In recent weeks, financial markets have responded negatively to erratic shifts in US trade policy, which included a 125 percent tariff hike on Chinese goods and a similarly forceful response from Beijing. While the US government paused certain tariffs for 90 days, it left in place a 10 percent blanket tariff on nearly all imports, as well as 25 percent duties on motor vehicles, steel, and aluminum.

These actions have fueled fears that the economy is entering a period of slower growth combined with rising prices—a mix often referred to as stagflation.

Index	Series Index Mar	Series Index Feb	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
Manufacturing PMI®	49.0	50.3	-1.3	Contracting	From Growing	1
New Orders	45.2	48.6	-3.4	Contracting	Faster	2
Production	48.3	50.7	-2.4	Contracting	From Growing	1
Employment	44.7	47.6	-2.9	Contracting	Faster	2
Supplier Deliveries	53.5	54.5	-1.0	Slowing	Slower	4
Inventories	53.4	49.9	+3.5	Growing	From Contracting	1
Customers' Inventories	46.8	45.3	+1.5	Too Low	Slower	6
Prices	69.4	62.4	+7.0	Increasing	Faster	6
Backlog of Orders	44.5	46.8	-2.3	Contracting	Faster	30
New Export Orders	49.6	51.4	-1.8	Contracting	From Growing	1
Imports	50.1	52.6	-2.5	Growing	Slower	3
OVERALL ECONOMY				Growing	Slower	59
Manufacturing Sector				Contracting	From Growing	1

Figure 11. Institute of Supply Management Manufacturing Index

The effects of tariffs are even more pronounced in the manufacturing sector. After two months of slight expansion, US manufacturing contracted again in March. According to the The Institute of Supply Managements' (ISM) Manufacturing Report on Business, the manufacturing index fell to 49, down from 50.3 in February, signaling contraction. Survey respondents cited reduced orders from international clients, rising material costs, and overall uncertainty due to retaliatory tariffs from countries like Canada and the EU.

In anticipation of higher input costs, manufacturers are already raising prices. The "prices paid" index jumped to 69.4 in March from 62.4 in February, reaching its highest level since 2022. This signals that inflationary pressures are mounting in the goods sector, even before the full effect of tariffs has materialised.

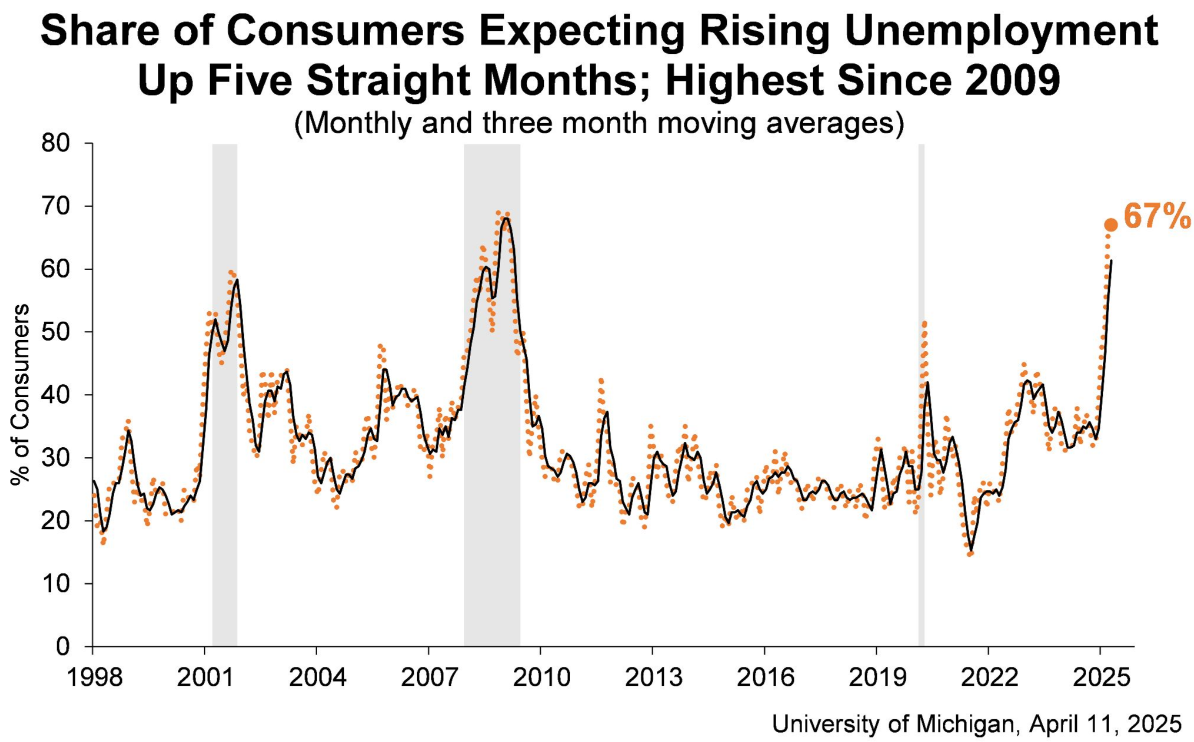


Figure 12. Share or Consumer Expecting Rising Unemployment (Source: University of Michigan)

Interviews conducted for the survey between March 25th and April 8th revealed growing pessimism across multiple fronts. Consumers reported a negative outlook not just on their personal finances, but also on the job market, future income, business conditions, and inflation.

Expectations for 12-month inflation jumped to 6.7 percent—the highest level since 1981—up from 5.0 percent in March. Meanwhile, five-year inflation forecasts also rose, climbing from 4.1 percent to 4.4 percent. These numbers suggest that consumers now believe high inflation isn't just temporary, but could linger for years.

The share of consumers expecting unemployment to rise in the year ahead increased for the fifth consecutive month and is now more than double the November 2024 reading and the highest since 2009.

In response, spending plans dropped across all major categories, as people became more cautious in the face of rising prices and uncertain economic conditions. This erosion in sentiment mirrors what's happening in financial markets.

The combination of falling market confidence and a deteriorating consumer outlook significantly raises the odds of a recession in the next 12 months. Just three months ago, the economic outlook was much more optimistic—now, consumers see storm clouds ahead.

The Fed now faces a difficult balancing act. On one hand, unemployment has yet to spike—but inflation and inflation expectations are climbing quickly.

In such a scenario, the Fed is likely to prioritise taming inflation, even if it means tolerating slower growth or job losses in the short term. If inflation expectations become "unanchored"—meaning consumers and businesses believe prices will continue rising indefinitely—it can spiral into a self-reinforcing cycle that is much harder to control.

The collapse in consumer confidence, paired with the sharpest rise in inflation expectations in over 40 years, sends a clear message: the US economy is at a crossroads. Trade tensions, policy unpredictability, and inflation fears have created a volatile mix that may tip the economy into recession unless decisive, balanced action is taken soon.

NEWS FROM THE CRYPTO-SPHERE

Galaxy Digital Secures SEC Approval for US Listing, Signalling Crypto Market Maturity

galaxy

Figure 13.Galaxy Digital Secures Sec Approval

Galaxy Digital has received SEC approval to move its headquarters to Delaware and list on Nasdaq under the ticker GLXY, marking a major step toward integrating digital assets with traditional US capital markets.

Galaxy Digital, the crypto financial services and infrastructure firm founded by Mike Novogratz, has received the green light from the US Securities and Exchange Commission (SEC) to proceed with its long-anticipated US public listing, according to a press release. The SEC approved Galaxy's registration statement linked to its corporate reorganisation, a strategic move that will see the firm redomicile from the Cayman Islands to Delaware and list its shares on the Nasdaq under the ticker symbol **GLXY**. A shareholder vote is scheduled for May 9th, 2025, with the listing expected shortly thereafter

This development is a pivotal milestone for the firm, which currently trades on the Toronto Stock Exchange. By positioning itself on a major US exchange, Galaxy aims to capitalise on the growing institutional appetite for regulated cryptocurrency products and services. Beyond crypto trading and asset management, the firm also operates AI-focused infrastructure through high-performance data centers, reflecting the increasingly intertwined future of blockchain and artificial intelligence sectors.

Argentina Launches Congressional Inquiry into Libra Crypto Scandal Tied to President Javier Milei

Figure 14 Argentina Launches Congressional Inquiry into Libra Crypto Scandal Tied to President Javier Milei (Source: https://www.hcdn.gob.ar)

- **Argentina's Congress is launching an investigation into government officials, including President Javier Milei, over the failed Libra cryptocurrency, which Milei publicly endorsed before its value crashed by over 90 percent**
- **Lawmakers are calling for transparency and accountability, while critics accuse the inquiry of political overreach, and legal action—including fraud charges—have reportedly already been filed against Milei**

Argentina's lower house of Congress, the Chamber of Deputies, moved forward with three proposals last Tuesday, April 8th, to formally investigate top government officials over their potential connections to a controversial cryptocurrency project called Libra. The token gained significant public attention earlier this year after it was apparently endorsed by Argentinian President Javier Milei.

The proposed investigations include forming a special congressional commission dedicated to examining the Libra case, calling on high-ranking government figures to testify, and requesting a formal explanation from the government about the nature and impact of the memecoin project.

Among the officials that Congress wants to question are the President's Chief of staff, the country's Economy Minister, the Justice Minister, and the head of the National Securities Commission (CNV), Argentina's top financial regulator.

Not everyone supports the inquiry. Representative Nicolás Mayoraz from the *La Libertad Avanza* party, which backs President Milei, criticised the investigation as "interference" and argued that it disrespects the separation of powers between different branches of government.

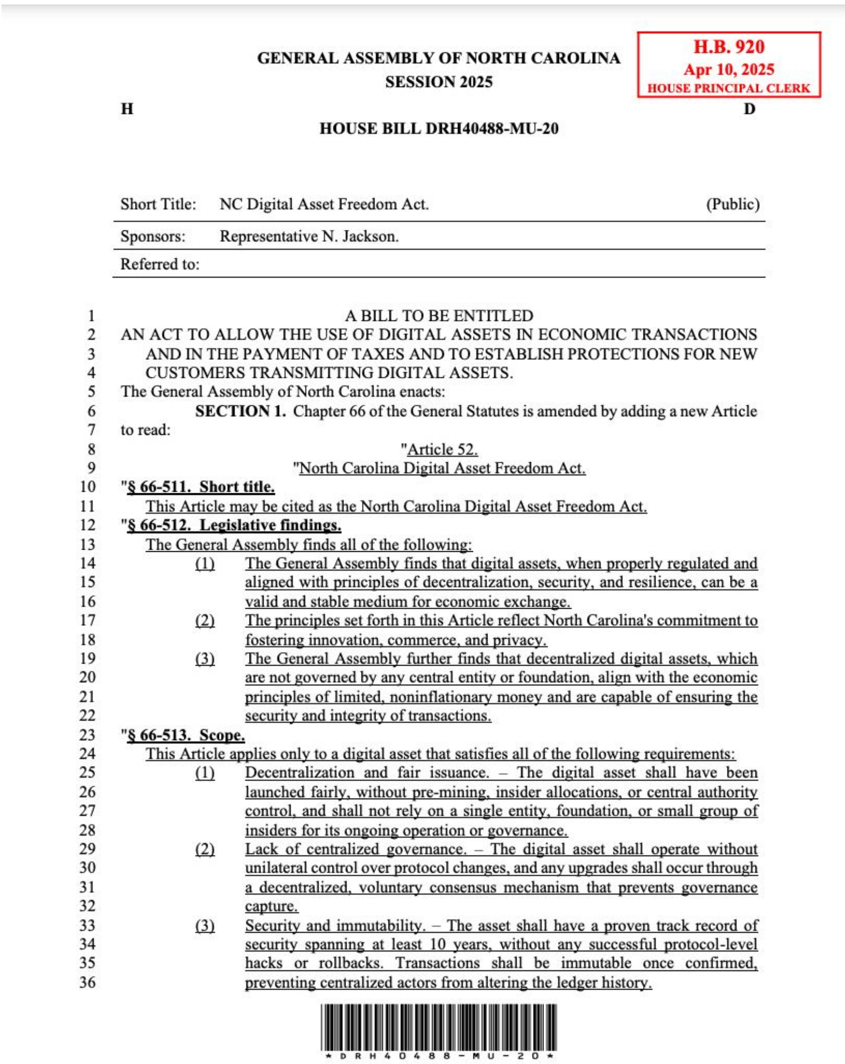
The cryptocurrency at the center of the controversy, Libra, was launched on February 14th by a US-based company named Kelsier Ventures, and runs on the Solana blockchain.

Shortly after its debut, President Milei posted on social media platform X (formerly Twitter) to promote the token. In his post, he described Libra as a "private project" that aimed to help support small businesses and startups in Argentina. He even included a link to Libra's website and the token's smart contract.

Milei's endorsement quickly sent the token soaring. Its fully diluted market capitalisation—a measure of the total value of a cryptocurrency if all possible tokens were in circulation—briefly exceeded $2 billion. But within days, Libra's value plunged by over 90 percent, causing major losses for investors.

In the aftermath, Milei withdrew his support and said he was unaware of the project's full details at the time of his endorsement. Critics, however, were not convinced. Some opposition lawmakers have called for his impeachment, and several Argentine lawyers have reportedly filed fraud charges against the president.

North Carolina Proposes New Law to Allow Digital Assets for Taxes and Transactions



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 920
Apr 10, 2025
HOUSE PRINCIPAL CLERK

H D

HOUSE BILL DRH40488-MU-20

Short Title:	NC Digital Asset Freedom Act.	(Public)
Sponsors:	Representative N. Jackson.	
Referred to:		

A BILL TO BE ENTITLED
AN ACT TO ALLOW THE USE OF DIGITAL ASSETS IN ECONOMIC TRANSACTIONS AND IN THE PAYMENT OF TAXES AND TO ESTABLISH PROTECTIONS FOR NEW CUSTOMERS TRANSMITTING DIGITAL ASSETS.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 66 of the General Statutes is amended by adding a new Article to read:

"Article 52.
"North Carolina Digital Asset Freedom Act.

"§ 66-511. Short title.

This Article may be cited as the North Carolina Digital Asset Freedom Act.

"§ 66-512. Legislative findings.

The General Assembly finds all of the following:

(1) The General Assembly finds that digital assets, when properly regulated and aligned with principles of decentralization, security, and resilience, can be a valid and stable medium for economic exchange.

(2) The principles set forth in this Article reflect North Carolina's commitment to fostering innovation, commerce, and privacy.

(3) The General Assembly further finds that decentralized digital assets, which are not governed by any central entity or foundation, align with the economic principles of limited, noninflationary money and are capable of ensuring the security and integrity of transactions.

"§ 66-513. Scope.

This Article applies only to a digital asset that satisfies all of the following requirements:

(1) Decentralization and fair issuance. – The digital asset shall have been launched fairly, without pre-mining, insider allocations, or central authority control, and shall not rely on a single entity, foundation, or small group of insiders for its ongoing operation or governance.

(2) Lack of centralized governance. – The digital asset shall operate without unilateral control over protocol changes, and any upgrades shall occur through a decentralized, voluntary consensus mechanism that prevents governance capture.

(3) Security and immutability. – The asset shall have a proven track record of security spanning at least 10 years, without any successful protocol-level hacks or rollbacks. Transactions shall be immutable once confirmed, preventing centralized actors from altering the ledger history.

DRH40488-MU-20

Figure 15. North Carolina Proposes New Law to Allow Digital Assets for Taxes and Transactions

- **A new bill called the Digital Asset Freedom Act (H.B. 920) proposes allowing certain cryptocurrencies to be used for taxes and economic transactions, aiming to push digital assets toward mainstream acceptance.**
- **To qualify, cryptocurrencies must meet strict criteria—including a $750B market cap, $10B daily volume, a 10-year history, and full decentralisation—though no specific tokens like Bitcoin are named.**

North Carolina lawmakers are pushing forward with a bold new proposal that could bring digital currencies one step closer to mainstream use. A new bill introduced last Thursday, April 10th, aims to officially recognise certain cryptocurrencies as valid forms of payment for taxes and other economic transactions within the state.

The bill, called the Digital Asset Freedom Act (H.B. 920), was filed by Representative Neal Jackson and supported by two additional lawmakers. It marks the latest in a series of crypto-friendly initiatives surfacing in the state.

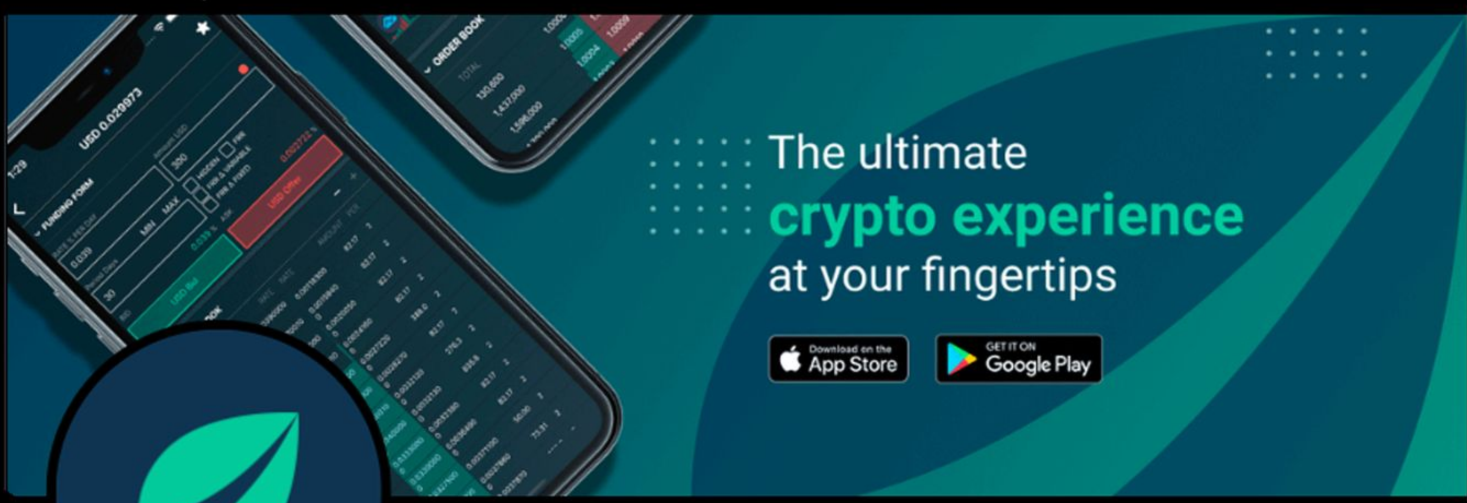
However, not just any digital token will be accepted under this new framework. The bill sets strict requirements to determine which cryptocurrencies can be used. For a digital asset to be eligible, it must meet the following criteria:

- Market Capitalisation of at least $750 billion.
- Daily Trading Volume of $10 billion or more – to ensure that the asset is actively traded and easy to buy or sell without major price swings.
- At least 10 years of open-market history.

In addition, the bill emphasises decentralisation as a key requirement. Eligible cryptocurrencies must have launched fairly—without pre-mined coins (tokens created before public launch), insider deals, or control by a central entity. They must also operate on a decentralised system where no single group or organisation holds too much influence over the network.

Interestingly, the bill does not directly name any specific cryptocurrencies, including Bitcoin, which is currently the largest and most established digital asset.

This legislative momentum coincides with increased national interest in cryptocurrency, particularly as former President Donald Trump's pro-crypto stance continues to shape political and financial discourse in the US.



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