

CRYPTO A.M.

Our series on AI, Blockchain, Cryptoassets, DLT and Tokenisation

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PARTNER CONTENT

CITY A.M.'S CRYPTO INSIDER

JAMES BOWATER



Before I address the obviously serious issues facing us all today I want to take the time to once again thank the judges, the nominees and winners of last week's inaugural Crypto AM Awards. I'd also like to thank both Boisdale for the amazing food and wine for lunch and also Smith & Wollensky for the terrific after party. Finally I'd like to say a special thank you to Bridie Wilson, Madelaine Crisp and Harry Owen as well as the entire City AM team without whose help and support nothing would have been possible. Please note for full transparency in this edition in lieu of Crypto AM Industry Voices the City AM judging results for the Awards are published (see opposite) including opt-outs where judges had a conflict of interest or knowledge gap.

The Coronavirus COVID-19 has finally been officially designated as a Global Pandemic which saw the global markets tumbling as has been widely reported and in last week's edition we saw the beginnings of the crypto market correlating to main markets, especially the S&P 500 and that trend continued throughout the week.

However, when Thursday and Friday hit, Bitcoin (BTC) flashed crashed to as low as US\$3,700 which was largely due to margin call trading when sadly a significantly large number of positions were wiped out. BTC recovered quite quickly and, at the time of writing, was trading down circa 35% from last week at US\$5,079.14 / GB£4,188.32; Ethereum (ETH) is at US\$113.64 / GB£93.69; Ripple (XRP) is at US\$0.1425 / GB£0.1153; Binance (BNB) is at US\$9.61 / GB£7.93 and Cardano (ADA) is at US\$0.02435 / GB£0.01994. Overall Market Cap is at US\$142.88bn / GB£116.20bn (data source: www.CryptoCompare.com)

SARS was devastating to HK and China back in 2003 and that had the interesting side effects of accelerating the use of online services and e-commerce. With COVID-19's ability to survive on surfaces, it has drawn focus to the issue of physical cash and its carrying of germs. A very plausible side effect will be the acceleration of Central Bank Digital Cash (see today's Guest Main Feature).

A bit of positive news landed with me yesterday when I caught up with Brian Elders of SORS Digital Assets and recently joined Black Manta Capital Partners ("BMCP") He explained that BMCP had received BaFin's green light (BaFin is the German Federal Financial Supervisory Authority) to proceed with the first regulated crossborder security token fundraise. This first deal is for mezz equity in a residential real estate development in Berlin and will be available to the public in Austria & Germany. Originally to launch today it has been delayed till the COVID-19 crisis has abated.

However, the platform is open and visible for investors from all over the world to participate in future property, fund and other security token deals (see https://blackmanta.capital/tigris-s17a/) and if you are a significant investor then send an email to investor@blackmanta.capital for personal treatment.

Central Banks are excited by Bitcoin's dramatic innovation, its blockchain technology and the potential for Central Bank Digital Currencies (CBDC). However, they are also cautious as Bitcoin has a reputation as the badlands of financial services, used by drug dealers and money launderers not upright citizens and certainly not central bankers.

So after the Bitcoin innovation what have been the catalysts for Central Banks to act? One word. Libra. Facebook's Libra caused Central Banks to panic around the world by announcing it would launch its own digital currency. Libra could become the global default crypto with two billion people having instant access to it just by having a Facebook account. Governments around the world threw their arms up in horror. France and India immediately banned it. Libra doubled governments' efforts to respond to protect their interests. China reacted to the Libra launch quickly.

"Libra has introduced a concept that will impact the traditional cross-border business and payment system." Former People's Bank of China (PBOC) Governor Zhou Xiaochuan.

China saw Libra as an American imperial economic invasion and responded by fast tracking its own digital currency known as People's Bank of China (PBOC) Coin. In the early days of digital currencies, the PBOC did not outlaw assets such as Bitcoin, but rampant speculation and wild price swings led China to implement a blanket ban on trading and new initial offerings of digital currencies. PBOC created a dedicated institute to explore a CBDC. China is well suited to a CBDC as most payments are now digital through apps like Alipay or Tencent.

The prize to get a functioning CBDC in a nation's economy is huge. The Bank of England's own research suggests a 3% bump to GDP if you run a Central Bank Digital Currency (CBDC), roughly the same boost to the economy as a big tax cut. The Bank of England's recent whitepaper states there are plenty of benefits of CBDCs around interest rates,



CENTRAL BANK DIGITAL CURRENCIES. STATE OF PLAY AND WHO WILL WIN?

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stimulus and accountability. This is highly compelling.

Just like the Portuguese Escudo, Dutch Gulder, English Pound and US dollar became global reserve currencies in their time, in paper terms, it's now the turn of a digital currency to take the crown. This is the reason CBDCs are a hot topic. Whoever wins, wins big therefore justifying their Central Bank's move to launch these currencies. While the Facebook founder Mark Zuckerberg was up in front of Congress explaining himself and being blocked, the Chinese were quietly rifling through the whitepaper and making plans. This tension between America and China has

resulted in a classic superpower slug-fest match with CBDCs.

Where is the rest of the world? In fact, some of the world's major central banks are already teaming up to assess potentially developing their own digital currencies. A group has been formed in order to "share experience as they assess the potential cases for central bank digital currency in their home jurisdiction". The body will be made up of the Bank of England, Bank of Canada, the Bank of Japan, the European Central Bank, the Riksbank and the Swiss National Bank, along with the Bank for International Settlements. Noticeably absent from the group is the People's

Crypto A.M. shines its Spotlight on Saxon Advisors

It's with pleasure that Saxon Advisors announces the launch of its new online deal-making platform that connects fast-growing crypto businesses with industry-leading investors.

'Quality not quantity' is the mantra professed by Saxon Advisors, the London-based, crypto research and advisory firm.

Each year, its analysts review hundreds of opportunities from around the globe, only to select a handful to raise capital for.

Since the company's formation in July 2018, it has been the lead advisor on deals with a cumulative value in excess of \$50m, from late seed stage through to growth.

Ulta Miller, Managing Partner at Saxon Advisors says... "Starting the company in July 2018, just as the bull market was starting to collapse may sound like bad timing, but in retrospect, it was spot-on. As crypto prices cascaded, not only were the scams and chancers shaken out of the market, many higher quality projects started to consider the sustainability of their operations and seek alternative

forms of finance." Unsurprisingly, he sees many parallels with today's market... "Following the collapse of January's DeFi-driven boom, we are seeing many projects again having to ask tough questions, make salary cuts and in some cases even let go of staff."

For entrepreneurs that have raised capital through a public, crypto asset offering, the prospect of approaching institutional investors can be daunting.

Thanks to the ever-evolving regulatory



The prospect of approaching institutional investors can be daunting.



Ulta Miller, Managing Partner of Saxon Advisors

landscape, crypto businesses require legal and financial due diligence by investors; something that many privacy-minded blockchain entrepreneurs have little enthusiasm for. Furthermore, it's not always clear

whether it is best for crypto businesses to offer equity, digital assets or a combination of both to investors.

In response, Saxon Advisors, as part of an international movement of crypto investment researchers, is pioneering new

techniques to uncover the risks associated with investing in crypto businesses and to establish how and where value accrues and can be captured.

The emergence of new analytical standards and the continued maturity of the sector is drawing more and more traditional 'tech' venture capitalists into the crypto industry.

This is growing the number of funding options available to crypto businesses, giving entrepreneurs greater choice to decide what's right for their business and offers some grounds for optimism at a time when market sentiment is low.

In a bid to foster even more deal-making, Saxon Advisors is now announcing the launch of its new online platform that provides investors with digital access to deals curated and reviewed by its analysts.

The platform includes many features that one would expect, such as the ability to access documents necessary for due diligence or book a meeting with the project's CEO, but also includes some more innovative and unique features too, such as providing access to real-time company performance data and an array of deal-specific insights and analysis produced by Saxon Advisors.

Both businesses and investors are encouraged to apply to Saxon Advisors' new online deal-making platform via the company's website (www.saxonadvisors.com).



PANDEMIC SUPPORT

Troy Norcross, Co-Founder Blockchain Rookies

The first case of COVID-19 occurred in China on November 17, 2019. By the end of 2019, there were 266 cases.

As we now know, COVID-19 has spread throughout the world, affecting not just those who contract the virus, but also the fabric that holds societies together and the global economy.

Information regarding the spread and impacts of the disease has been a combination of sparse, sporadic, misleading and blatantly false. Media outlets have worked to inform the public, and some have worked to inflame public fear to capitalise on the situation and sell more advertising.

What if there was a single source of truth for pandemic information that

worked across national boundaries. Such a platform could give groups like the world health organisation (WHO) and GISAID the most recent up to date information at any time and which would be available for audit in the future to ensure that reporting was accurate - and not influenced by political agendas? And also allowed the public to confirm what the media was saying.

The platform could provide access to high-level aggregate data, as well as act as a registry for patients who have agreed to share their data to help stem the spread of the disease and work towards treatment, cure and vaccines. Using new approaches to identify, records could be associated with individuals, hospitals,

countries - and even data from specific health monitoring equipment such as respirators, thermometers and scans - without ever putting any identifiable patient data onto the blockchain.

A global consortium of healthcare innovators can create such a system today, without paying billions of dollars to consulting firms to develop it and big-tech firms to run it. The system could be decentralised and distributed around the world, providing global access to confirmed data for both decision-makers and the public.

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currency. Carney felt fully justified to explore the possibilities. In Europe the ECB policymakers have already discussed the idea of issuing their own CBDC. Christine Lagarde, the ECB's head, has long argued that central banks should consider the merits, which she believes include public goals such as financial inclusion, consumer protection and payment privacy. In Sweden they are moving quickly to adopt a CBDC Sveriges Riksbank, the central bank of Sweden, which recently announced a pilot for a digital krona, or e-krona and the main reason is "to be ready for a cashless future".

But where does this leave Bitcoin and other non CBDC cryptocurrencies in relation to several functioning CBDCs? Firstly, it's a great endorsement for all of crypto, rubber stamping their benefits, although the paradox is that this endorses decentralisation and control away from Central banks. Secondly, fully functioning CBDCs are a tide that will lift all crypto boats, many sceptics will get off the fence and invest time and money into crypto. CBDCs will create a new boom for Decentralised Finance (DeFi) services as these new CBDCs are digital and will interoperate with DeFi services, greatly increasing volumes. Bitcoin and other major cryptocurrencies are decentralised and not owned by a central organisation and therefore inherently more trustworthy. Bitcoin was a response to the 2008 banking crisis and no casino bankers operate in Bitcoin. But the ultimate question is - who would you trust, incorruptible decentralised currencies like Bitcoin, or centrally controlled and potentially co-opted Central Bank Digital Currencies?

Keld van Schreven, Managing Director and Co-Founder at KR1 plc (www.kr1.io) in conversation with James Bowater.

Keld is a notable first investor in many key projects that will power the decentralised platforms and protocols that form the emerging Web3 infrastructure. KR1 has been a publicly listed investment company on the London-based NEX exchange since early 2016.

Netherlands "The essence of the DLT infrastructure is that no single party should be trusted enough, but don't we just trust a central bank to maintain the integrity of the global ledger?" said Harro Boven, policy advisor in the payments policy department of the Dutch central bank. Satoshi Nakamoto, legendary mysterious inventor of Bitcoin would say not.

In England the debate around CBDCs intensified last year when the outgoing Bank of England Governor Mark Carney laid out a radical proposal for an overhaul of the global financial system that would eventually replace the dollar as a reserve with a Libra like CBDC

CRYPTOCOMPARE MARKET VIEW

Bitcoin Drops 40% As Pandemic Crashes Crypto Market

This week the price of Bitcoin dropped from \$7,900 to a low around the \$4,000 mark before recovering for a brief period after the U.S. Federal Reserve announced an emergency rate cut of 100 bps. While initially the crypto market recovered on the news, it soon started sliding again, with bitcoin trading at the time of writing at \$4,900.

Ethereum, the largest altcoin by market capitalization, is trading at \$110 after falling 10.2% in the last 24 hours, while other top cryptocurrencies are down between 5% and 20%. The massive drops saw liquidations on leading cryptocurrency derivatives exchange BitMEX surpass \$1.6 billion. Overall, the crypto market lost nearly \$100 billion.

To American whistleblower Edward Snowden, the price drop was a result of an irrational response to the COVID-19 pandemic and global economic unrest. On social media, Snowden revealed he "felt like buying bitcoin" after the sell-off.

The Facebook-led Libra Association has seen some of its members, including Coinbase Ventures, Bison Trails, Anchorage, and Andreesen Horowitz, back a rival project with the goal to "deliver humanitarian aid, facilitate payments and enable microlending." The project, called the Celso Alliance for Prosperity, aims to reach its goal via a cryptocurrency pegged to the U.S. dollar, the Celso Dollar, and has a 50-member strong organization.

Last week it emerged that hackers have been attempting to deploy ransomware to people's mobile devices, via a coronavirus tracking application. Once infected, victims are forced to pay \$100 in bitcoin to regain access to their devices.

Finally, the Bank of England, as a response to declining cash usage, has reportedly started looking into launching a digital currency equivalent to the GBP. Officials have discussed the move after seeing a steep decline in the use of physical cash.

CRYPTO A.M. AWARDS RESULTS

In the interest of transparency, please see the below result breakdown of the Crypto A.M. Awards 2020.

- COMMUNITY ENHANCEMENT AWARD**
 - Chiliz 12.5%
 - Craft Coin 12.5%
 - CryptoCompare 50%
 - Opt out 25%
- SERVICE PROVIDER AWARD**
 - Isolas LLP 20%
 - Eversheds Sutherland 12.5%
 - CMS Law 30%
 - Opt out 37.5%
- ENTERPRISE BLOCKCHAIN AWARD**
 - dacs 12.5%
 - Pegasys 12.5%
 - Cygnetsise 25%
 - Opt out 50%
- UX/UI AWARD**
 - Mode Banking 12.5%
 - Plutus DeFi
 - Zerion 37.5%
 - Opt out 50%
- EDUCATIONAL PLATFORM AWARD**
 - Coinscrum 12.5%
 - Amazix 12.5%
 - Cointelligence 50%
 - Opt out 25%
- SOCIAL IMPACT & SUSTAINABILITY AWARD**
 - World Mobile 12.5%
 - DustAid 0%
 - Zero Carbon Project 12.5%
 - Cudo Ventures 0%
 - Pollo Pollo 0%
 - Electroneum 25%
 - Opt out 50%
- PAYMENT SERVICE PROVIDER AWARD**
 - Xapo 12.5%
- Tap.Global 0%**
- Bitstamp 50%**
- Opt out 37.5%**
- DIGITAL ASSET CUSTODIAN AWARD**
 - Koine 12.5%
 - Anchorage 12.5%
 - Gemini Trust 50%
 - Opt out 25%
- INCUBATOR / VC AWARD**
 - KPI plc 0%
 - Coinsilium 25%
 - Outlier Ventures 62.5%
 - Opt out 12.5%
- CRYPTO EXCHANGE PLATFORM AWARD**
 - Coinfloor 25%
 - Archax 12.5%
 - Coinpass 50%
 - Opt out 12.5%
- DEPLOYMENT IN FINTECH AWARD**
 - AIX 25%
 - Mode Banking 12.5%
 - ConsenSys Codefi 37.5%
 - Opt out 25%
- OUTSTANDING INDUSTRY CONTRIBUTION AWARD**
 - Charles Hayter, CryptoCompare 12.5%
 - Joey Garcia, Isolas LLP 12.5%
 - Charles Hoskinson, IOHK 12.5%
 - Florian Krueger & Florian Bollen, Craftcoin 12.5%
 - Diego Gutierrez Zaldivar, IOV Labs 12.5%
 - Marta Piekarska-Geater, Hyperledger 25%
 - Opt out 12.5%

It is important to emphasise all of our winners have been chosen by an expert and independent panel of judges from the UK Crypto community, all of whom voted blind and opted out if a conflict of interest occurred in any of the categories.