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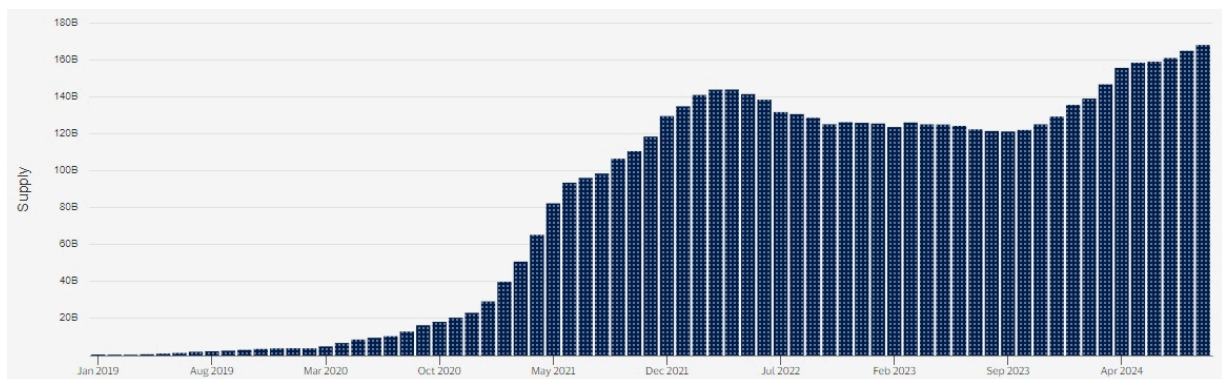
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**Cryptocosm Currents: Back to the Future of Finance—Stablecoins Accelerate the Money Flux**

**Frictionless, near-instantaneous movement of money is a big deal.** Stablecoins—cryptocurrencies pegged to assets like the U.S. dollar—offer “stability” in the exchange avenue between fiat currencies and the cryptocosm, such that Tether, USDT, and Circle’s USDC, have developed one of crypto’s top product ecosystems. Based on blockchain technology, stablecoins settle payments in seconds, much faster than any alternative, legacy technology addressing the fintech market today. Apps such as Zelle may show payments completed in minutes, but the underlying settlement process between banks may take several days in relying on centralized systems that use older infrastructure and command greater costs behind the scenes. Meanwhile, stablecoins settle transactions in near real-time on decentralized blockchain networks with computer science-based consensus mechanisms creating “trust” in peer-to-peer transactions—no middlemen, no borders, and no banking hours. Stablecoins have seen increased use in domestic and cross-border payments, driving the market to its current \$170 billion, up from merely \$4 billion at the start of 2020 as detailed in the chart below. One should expect the market to continue to balloon further as the total addressable market for cross-border payments alone is over \$150 trillion annually. As noted by real economists, and not just us, increasing the velocity of money and making capital more both more accessible and liquid, stablecoins should accelerate economic activity and enhance financial efficiency.

**Stablecoin Train Becomes Unstoppable**



*Note: Denzel Washington and Chris Pine halted their “Unstoppable” train, but we do not see that happening here.*

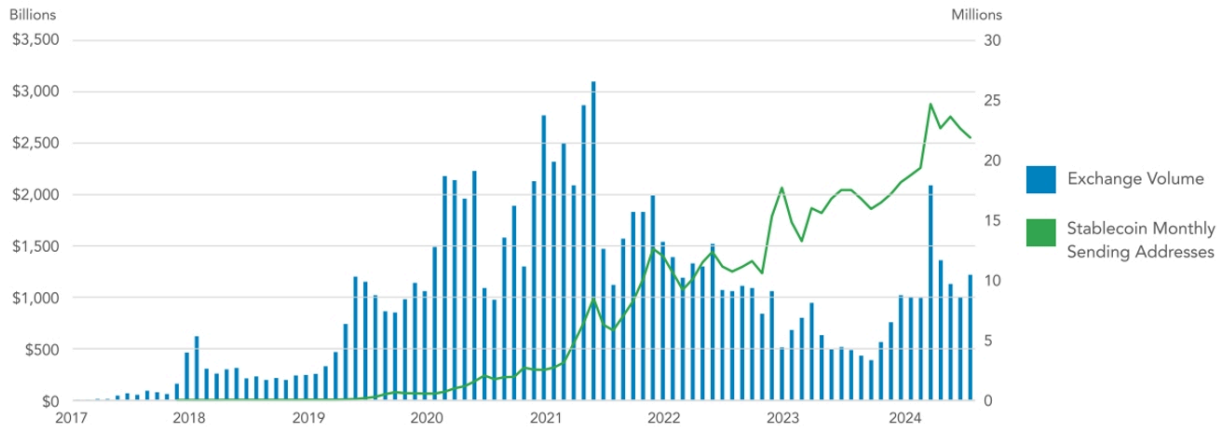
*Source: Visa Onchain Analytics, Allium, September 16, 2024.*

**Major financial players are increasingly turning to stablecoins, with regulatory clarity hopefully close behind.** Financial services companies operate at razor thin margins, and we see stablecoins standing at the precipice of far greater adoption outside the cryptocosm in replacing legacy tech in traditional finance. PayPal (PYPL; not rated) launched its PYUSD stablecoin in August 2023 and reached the \$1 billion market cap milestone shortly thereafter. JPMorgan Chase (JPM; not rated) launched JPM Coin for instant settlement between institutional clients. Wells Fargo (WFC; not rated) introduced Digital Cash for internal cross-border transfers. Goldman Sachs (GS; not rated) has been exploring stablecoin development. Late last week, Circle moved its headquarters from Boston to New York City, signaling greater confidence that the world’s financial capital becomes more friendly toward stablecoin providers. During an X, formerly Twitter, space recently, President Trump introduced World Liberty Financial, a DeFi project backed by the Trump family that aims to drive the mass adoption of stablecoins. Recognizing the potential, and understanding the SEC’s disconnect, regulators are stepping in to provide clearer regulatory framework. Here in the U.S., the Lummis-Gillibrand Payment Stablecoin Act outlines reserve and operational standards but still has a few hoops to jump through before becoming law. Within our own coverage universe, Phoenix Group (PHX-AE; Buy) recently announced a partnership with stablecoin giant Tether to launch a UAE Dirham-pegged stablecoin, with its issued press release estimating a global stablecoin market cap of \$2.8 trillion by 2028. RYVYL (RVYL; Neutral) leverages its coyni stablecoin platform for near real-time attestation for businesses and partners with Visa (V; not rated) to enable Visa Direct, a fast, secure account-to-account transfer solution for customers in over 80 countries. Meanwhile, the UAE intends to cement its role as a crypto hub, illustrated by Phoenix’s stablecoin plans. Singapore recently introduced stringent rules for stablecoins pegged to G10 currencies. We expect central banks in major financial hubs to craft regulations to classify stablecoins like USDC as legal electronic money, allowing the private sector to grow without the stigma associated with a government-issued CBDC.



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### Stablecoins Show Signs of Divergence From the Cryptocosm



Source: Castle Island Ventures, Artemis, September 2024.

**Coins create their own fiefdoms.** Tether has roughly \$118 billion in reserves as of July-end, with excess reserves of \$5.3 billion, and reported a profit of \$5.2 billion for the first half of the year. The company's tentacles are reaching throughout the cryptocosm, not just to work with Phoenix, but investing in bitcoin mining, among other exploits. While we certainly understand the majors in the forex world, labeled in the infographic below, have not ignored the power of blockchain technology, we suggest that a once-sleepy world dominated by large banks could be in for a rude awakening.

### Blockchain Is Coming for Some Bacon

**Private Equity-Backed**

BANKING CIRCLE, convera, Currencies Direct, torfx, iBanFirst

moneycorp, MoneyGram, small world

transNetwork, Travlex, worldpay

**Banks**

AMERICAN EXPRESS, BANK OF AMERICA, BANORTE, UniTeller, BARCLAYS, BNP PARIBAS

BNY MELLON, CIBC, citi, DBS, Deutsche Bank

Goldman Sachs, HSBC, JPMORGAN CHASE & CO., LLOYDS BANK, NatWest, RBC

**Mobile**

airtel, IDT, M-PESA, MTN, Orange Money

**Public Companies (Non-Banks)**

adgen, ALPHA, Apple

CAB | PAYMENTS, Corpay, d-local

EQUALS Group, Euronet, fiserv, ria, xE

flywire, globalpayments, Google

intermex, LianLian Global

amazon, ANT GROUP, Booking.com

MONEX, nexi, OFX

Payoneer, PayPal XOOM, Remitly

StoneX, VISA, Walmart

**VC-Backed (Growth Stage)**

Airwallex, checkout.com

deel, EBANX, flutterwave

inpay, NIUM, onafriq

papayaglobal, PAYSSEND, pingpong

Rapyd, Revolut, stripe

SUNRATE, terrapay, Thunes.

tipalti, TransferMate, veem

ZEPZ

**The 2024 Cross-Border Payments 100**

**FXCintelligence**

**Ecommerce**

amazon, ANT GROUP, Booking.com

Expedia, mercado libre, SHEIN

TEMU, Tencent 腾讯

**Independently owned**

DolFinTech, Fexco, mukuru, Swift, VIAMERICAS

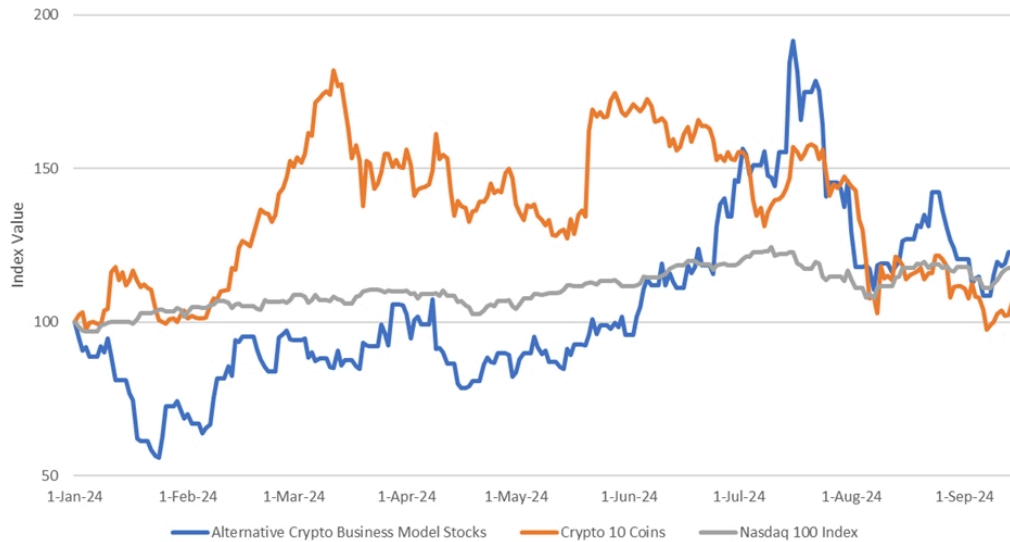
**Western Union, 7wise, WORLDLINE**

Source: The Top 100 Cross-Border Payment Companies, FXCintelligence, April 2024.

**Tracking the cryptoverse.** We are updating our indices to aid in tracking the performance of crypto-related publicly traded stocks and a broad view of native crypto coins, the details of which are found in this report’s appendix. Each originates January 1, 2024, and are rebalanced daily, or as needed. The indices are weighted by market cap and compared against the Nasdaq, per below, illustrating the growth of coins (orange), up 1%, and crypto stocks (blue), up 22% since the beginning of the year, versus the Nasdaq’s 18% gain.

**Crypto Coins Lag While Crypto Stocks Show Resilience**

H.C.W. Alternative Crypto Business Model Stocks and Coin Indices, Appendix 1.

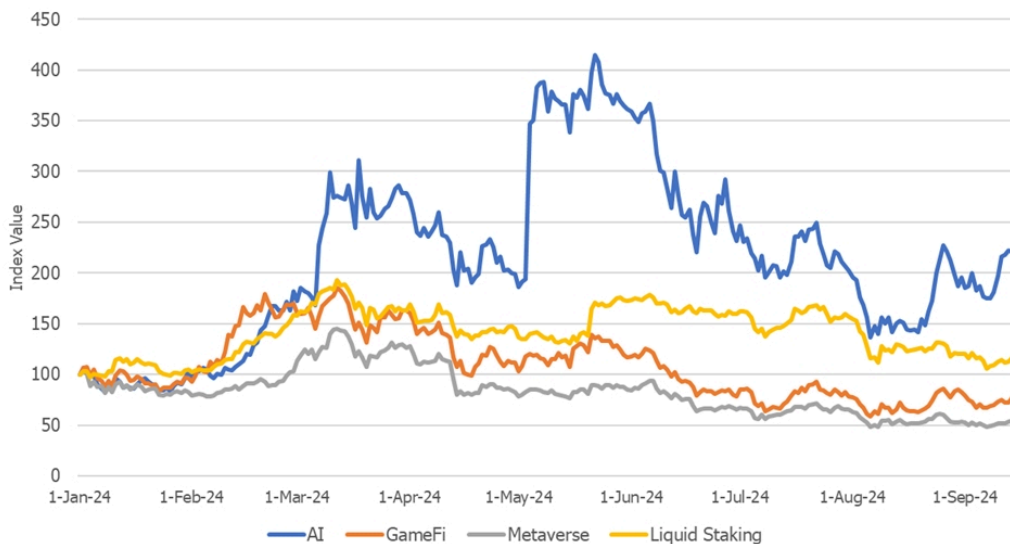


Source: FactSet (FDS; not rated), CoinGecko, and H.C.W. estimates, September 16, 2024.

Additionally, we track the performance of the latest crypto narratives with high potential for growth: artificial intelligence (AI), the metaverse, web3 gaming, and liquid staking with the goal of adding transparency to the performance of digital assets. AI is up 114%, the metaverse is down 48%, gaming is down 25%, and liquid staking is up 10%.

**A.I. Continues to Outperform**

H.C.W. Crypto Subsector Indices, Weighted by Market Cap, Appendix 2.



Source: FactSet (FDS; not rated), CoinGecko, and H.C.W. estimates, June 2, 2024.

**Appendix 1**Stocks Included in Crypto Index

Argo Blockchain (ARBK)  
Banxa Holdings Inc. (BNXA.V)  
BIGG Digital Assets Inc. (BIGG.CN)  
Bit Digital Inc. (BTBT)  
BIT Mining Ltd. (BTCM)  
BTCS Inc. (BTCS)  
CoinShares International Limited (CS.ST)  
DMG Blockchain Solutions Inc. (DMGI)  
Galaxy Digital Holdings (GLXY-CA)  
LiveOne, Inc. (LVO)  
Metaworks Platforms, Inc. (MWRK)  
Nano Labs Ltd. (NA)  
Neptune Digital Assets Corp. (NDA.V)  
Realbotix Corp. (XBOT.V)  
Ryvyl Inc. (RVYL)  
Wonderfi Technologies, Inc. (WNDR)

Crypto Coins Used in Crypto Index

Ethereum (ETH)  
Chainlink (LINK)  
Cosmos (ATOM)  
Monero (XMR)  
Polygon (MATIC)  
Avalanche (AVAX)  
Solana (SOL)  
Uniswap (UNI)  
Dogecoin (DOGE)  
Lido Staked Ether (STETH)

**Appendix 2**Crypto Coins Encompassing AI Crypto Index

Render (RNDR)  
Artificial Superintelligence Alliance (FET)  
Akash (AKT)

Crypto Coins Encompassing Metaverse Crypto Index

The Sandbox (SAND)  
Decentraland (MANA)  
Axie Infinity (AXS)  
Enjin (ENJ)

Crypto Coins Encompassing Gaming Crypto Index

ApeCoin (APE)  
Immutable (IMX)  
Gala (GALA)  
Illuvium (ILV)  
STEPN (GMT)

Crypto Coins Encompassing Liquid Staking Crypto Index

Lido Staked Ether (STETH)  
Rocket Pool ETH (RETH)  
Frax Ether (FRXETH)

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## RETURN ASSESSMENT

**Market Outperform (Buy):** The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

**Market Perform (Neutral):** The common stock of the company is expected to mimic the performance of a passive index comprised of all the common stock of companies within the same sector.

**Market Underperform (Sell):** The common stock of the company is expected to underperform a passive index comprised of all the common stock of companies within the same sector.

Related Companies Mentioned in this Report as of September/16/2024					
Company	Ticker	H.C. Wainwright Rating	12 Month Price Target	Price	Market Cap
Argo Blockchain plc	ARBK	Neutral	\$NA	\$1.14	\$73
BIGG Digital Assets Inc.	BIGG.CN	Neutral	C\$NA	C\$0.15	C\$52
Banxa Holdings Inc.	BNXA.V	Neutral	C\$NA	C\$0.31	C\$14
Bit Digital, Inc.	BTBT	Buy	\$6.00	\$2.64	\$390
BIT Mining Limited	BTCM	Neutral	\$NA	\$NA	NA
BTCS Inc.	BTCS	Buy	\$3.00	\$1.13	\$18
CoinShares International Limited	CS.ST	Buy	SEK80.00	SEK61.10	4067 SEK
DMG Blockchain Solutions Inc.	DMGI.V	Buy	C\$1.00	C\$0.46	C\$78
MetaWorks Platforms, Inc.	MWRK	Neutral	\$NA	\$0.02	\$2
Neptune Digital Assets Corp.	NDA.V	Buy	C\$1.00	C\$0.25	C\$31
Phoenix Group PLC	PHX-AE	Buy	AED3.00	AED1.61	9739 AED
RYVYL Inc.	RVYL	Neutral	\$NA	\$1.30	\$9
WonderFi Technologies Inc.	WNDR.TO	Buy	C\$0.50	C\$0.15	C\$97
Realbotix Corp.	XBOT.V	Neutral	C\$NA	C\$0.10	C\$20

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Distribution of Ratings Table as of September 16, 2024				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	561	87.25%	123	21.93%
Neutral	78	12.13%	6	7.69%
Sell	0	0.00%	0	0.00%
Under Review	4	0.62%	1	25.00%

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