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Digital Assets Insights

Digital assets are one of the defining characteristics of Web3. We are very happy to be partnering with [Ninepoint Partners](#) to bring you news and commentary about digital assets and their role in the emerging Web3 era. Some of the content featured in Digital Asset Insights is also featured in Ninepoint Partner's [Digital Asset Digest](#).

For more information about digital assets, please see our research papers [Digital Asset Revolution](#), [Token Taxonomy: The Need for Open-Source Standards Around Digital Assets](#), and [A Taxonomy of Digital Assets](#).

You might also find our latest book "[Digital Asset Revolution](#)" interesting.

For more information on The BRI's new Web3 program please contact us at [here](#) or send us a note at info@blockchainresearchinstitute.org

News

El Salvador President Introduces Bill Eliminating Taxes for Tech Innovation

El Salvador's President Nayib Bukele sent the Law for the Promotion of Innovation and Manufacturing of Technologies bill to Congress on Friday, eliminating income, property, capital gains, and import tariff taxes on technology innovation, computing, and communications hardware manufacturing. As the first country to adopt Bitcoin as a legal tender, the Bitcoin Association of El Salvador continues to try and position the country as an innovation hub.

Activision Blizzard President Daniel Alegre Joins Yuga Labs as CEO

Activision Blizzard's former President and COO, Daniel Alegre, has officially become Yuga Labs' CEO, the blockchain technology company behind Bored Ape Yacht Club, CryptoPunks, Otherside, and other prominent non-fungible token (NFT) projects. Yuga Labs developed its impressive portfolio of NFT projects under outgoing CEO Nicole Muniz, who will remain a strategic adviser and partner. Alegre's appointment was announced in December 2022, with Yuga Labs confident that his gaming expertise will help advance the company's ambitions for an immersive Web3 world. Having raised \$450 million in March 2022 at a \$4 billion valuation, Yuga Labs looks to continue providing its passionate community of NFT holders with long-term utility, surprise airdrops, and full NFT intellectual property rights for commercial uses.

Silk Road Bitcoin Auction: US Government to Sell Remaining 41,500 Bitcoin This Year

The United States government has been busy selling off Bitcoin seized from the notorious dark web marketplace Silk Road. A recent court filing revealed that more than 9,800 Bitcoin, worth approximately \$215 million, have already been liquidated. However, 41,500 Bitcoin, valued at around \$1.2 billion, remain to be sold off in four batches throughout this year. The sale follows the seizure of assets from James Zhong, who pleaded guilty to hacking Silk Road in 2012 and stealing over 50,000 Bitcoin. Members in the crypto community understand these upcoming sales will create elevated selling pressure; Tron Founder Justin Sun tweeted his willingness to purchase the remaining Bitcoin at a 10% discount to "minimize the potential impact on the market."

Commentary

The Battle for Canada's Crypto Market Heats Up!

By Alex Tapscott

Managing Director, Digital Asset Group at Ninepoint Partners
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Canada's crypto market is in the spotlight this week. The biggest news is the proposed merger of Canada's three largest crypto exchanges, WonderFi, Coinsquare and CoinSmart, into a single 'mega-exchange.' The double whammy of US competitors plus increased regulatory costs makes this merger feel necessary at this moment. It is not totally clear that in a bear market, these businesses as standalone companies are viable.

The combined company will have over 1.65 million registered Canadian users and over \$600 million in combined assets under custody. The merger offers a path to profitability and scalability for the companies amid a heightened regulatory environment with increased costs. The regulated trading business will be consolidated under Coinsquare's investment dealer registrant, Coinsquare Capital Markets Ltd., with WonderFi shareholders owning 38%, Coinsquare shareholders owning 43%, and CoinSmart shareholders owning 19% of the combined company.

Back of the envelope, the all-stock merger values the combined company at approximately \$125 million (approx. 600 million fully diluted shares x \$0.205 per WonderFi share, based on Tuesday, April 4th close). According to the press release, the combined company will have no debt and cash and other assets worth around \$50 million. Even if most of those assets are not 'cash' the enterprise value is probably sub-\$100 million, which feels shockingly low for a company that has an opportunity to consolidate the Canadian market. By contrast, Coinbase, which has a dominant position in the U.S. market, has a \$16 billion market cap. By no means are they apples to apples, but if this new company can achieve similar success in the Canadian market, the old "divide by 10 rule" ought to apply for thinking about a future value for this company.

Of course, that assumes that the bigger US players won't muscle in and grab market share from the Canadian leader.

On that note...

The largest cryptocurrency exchange in the United States, Coinbase, has announced its official international expansion plans in Canada, hiring Lucas Matheson as Country Director, a local tech hub of over 200 engineers, and signing a Pre-Registration Undertaking with Canadian regulators. Coinbase aims to provide Canadians access to its reputable and trusted platform to buy, sell, and trade cryptocurrencies while bringing clarity to the industry by creating a solid crypto regulatory framework. The company believes and is confident that collaboration and constructive dialogue with government officials, policymakers, and the industry are imperative in promoting the widespread understanding and adoption of the crypto asset class within Canadian borders.

We also heard that Kraken, a US-based cryptocurrency exchange, is filing pre-registration paperwork with the Ontario Securities Commission to become a registered Restricted Dealer in Canada and ensure compliance with the nation's tightened rules governing crypto exchanges. The exchange has served Canadian users for just over a decade, with a dedicated Canadian team consisting of more than 250 employees. It wants to maintain compliance to hold and build on that success.

Podcasts



You can find "[W3B Talks](#)", our podcast series on Web3 and its impact on business and society [here](#). You can also find it on your favourite podcasting platforms such as [Spotify](#), [Amazon Music](#), [Google Podcasts](#), and [Apple Podcast](#).

Recent episodes include:

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Check out the latest episode of Defi Decoded with Alex Tapscott and Andrew Young: [Disrupting the Creator Economy Through Decentralization with pplplears of Shibuya](#)

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About the Blockchain Research Institute

Navigate, accelerate, and lead the blockchain revolution.

The [Blockchain Research Institute](#) is a global think-tank exploring the promise of blockchain technology for business, government, and society. Our syndicated program is funded by an international community of Member organizations, including enterprises, governments, and technology start-ups from around the world.

We're always looking for new organizations to collaborate with, through a number of initiatives.

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For all inquires, please email douglas@blockchainresearchinstitute.org