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Hello and welcome to another news episode of BFRR, our Bitcoin Fiat and Rock'n'Roll podcast that explores the intersection of traditional finance, digital assets and digital currencies and helps you ultimately understand how digital money and assets will evolve in the future. I'm Co-host Jonas and today it is time for another news episode. Today we look back to the month of July and discuss key news in crypto, digital assets, digital money. And today I'm thrilled to be joined by our co-hosts Alex, Michi and Stefan. Hi, you three.

00:43

Hello. Hi, how are you loss? What will we cover today? again, the topic of stable coins. was another crazy stable coin month. I know we have been saying this for every month now for the past three or four months, but it's still true. Legislation that passed in the U S like the genius act or some legislative pieces that at least made substantial progress. Um, we do have further industry leaders announcing stable coin plans. We do have the first, um, Euro stable coin out of Germany.

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which basically got a license and where we have even more news. Then second topic will be tokenization. The month of July is all about tokenized equity. It's currently about to become a major theme when you, for example, think about tokenized stocks. So Robinhood, Etoro and Co. are now going into that. We will break down for you what this means and why this matters. We also look into Hostel CBDC. The ECB laid out their plans for two projects up here in Pontus, a short and a long-term solution.

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for making central bank money available on distributed ledgers. And lastly, we look a little bit deeper into Ethereum because also there it was a remarkable month. Some would even argue that a narrative shift has occurred and the price also reacted substantially. So we will look into this a little bit deeper. But talking about prices, let's look in a little bit more detail on how the crypto market developed over the past month. Well, it increased quite a bit. So the market capitalization increased from 3.3 trillion US dollars to 3.9.

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trillion US dollars, which is a roughly 20 % increase. And it was also the first time in history that the crypto market reached the four trillion threshold. So even if as of today, when we record this, we are a little bit below with 3.9 trillion, we have actually exceeded for the first time four trillion, which is I think another milestone and another threshold.

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What about the two largest crypto assets, Ethereum and Bitcoin? Well, Bitcoin strong month beginning of the month 107k in US dollars, end of month 118 roughly. So also here an increase of around 10%. We also have seen a new all time high in US dollars, again in a very challenging market environment or challenging macro environment. And what I found particularly remarkable in this context is that now more and more companies invest in Bitcoin.

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There have been announcements from various players globalese that they put Bitcoin now in their balance sheet. For example, the company Figma that some of you might know. it seems, and this is what data show, that more than 200 companies currently have Bitcoins in their balance sheet, which is a substantial increase that happened in the previous month. And also Bitcoin ETFs that reached an all-time high in assets under management of 115 billion US dollars. I mean, I cannot stress enough how crazy this still is. And I know I'm also saying this every time we

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talk about ETFs, but just alone the BlackRock's iBit has 90 billion in assets under management and even became now one of the biggest ETF by fee revenues with

approximately 190 million of annual fees. And this just after 1.5 years after the launch. So again, I think this has to be stressed because it's just remarkable and just crazy if you zoom out a little, at least from my perspective. Looking into Ethereum.

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Also a very strong month, even stronger than Bitcoin beginning of the month, 2.5K, now 3.8K, which is an increase of 50 % in one month. And if you even look a little bit back and zoom a little bit more out, since it's low in September 2024, we have seen an increase of 150%. So this has really, really been a strong recovery. And maybe Stefan handing over to you like...

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You're following Ethereum very, very closely. And what is like your interpretation of this price movement? What are the reasons? Why are people now coming back to Ethereum? Yeah, I think in one word, it's institutional adoption or the institutions finding the significance of Ethereum for their whole banking play, I would say, and the future of financial markets. So we've seen a narrative shift. But before we go into that, maybe

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Some more facts regarding Ethereum ETFs, which show the way. So in July alone, we had net inflows of \$5.4 billion into Ethereum ETFs. If you compare that to Bitcoin, there we had 6.1. So Ethereum nearly catching up with the inflows of Bitcoin ETFs, which is significant. They weren't comparable before. So for Ethereum, this meant more inflows than in the whole 12 months before.

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So in the whole existence, were less inflows into Ethereum ETFs than just in July. We also saw a trading volume of \$32 billion for ETFs. So that's simply crazy. What came on top is that the micro strategy of Michael Saylor was copied by several companies. You might have heard of some of them. So we had SharpLink Gaming, which is the Aspet ticker.

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where Joseph Lubin, one of the Ethereum co-founders was involved. So they invested 360,000 ETH into that treasury. But there was also Bitmine with Tom Lee, a very, very famous person at the Wall Street who was all over CNN and CNBC in the news talking his take about Ethereum. And last but not least, just the last two weeks we saw

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the announcement of the Ether machine driven by Andrew Keys, who was also quite a visible person in the Ethereum ecosystem before the Gensler era. Now he's back with the Ether machine, bringing in some personal funds of his, several hundred thousand ETH worth 1.5 billion, starting with that planning a Ethereum pure play game. So not only holding ETH

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as productive asset as they put it, but also staking, restaking and putting ETH even into DeFi. And that all encapsulated by an ordinary company, I would say, and you can buy a stock of that. So it's kind of when you buy a stock and you get all the upside of investing in the DeFi ecosystem without all the hassles on the traditional rails. And this all led to a narrative shift for ETH.

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being coined as digital oil. So very different. So fundamentally nothing has changed in the last two months. ETH is as it was before, but just how people look on it is now quite different. Although value of Ethereum being the underlying network for stable coins, for example. So that's one part of the story that ETH should be much more valuable than any stable coin because it actually secures.

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The whole payment rails, the stable coins run on usually. So that's part of that whole story and the whole narrative shift resulted in a very different perception of the asset and also reflected in the price of ETH here. Yeah, was really surprised how significant and how quickly that went. I mean, we have discussed this in the last months here. I mean, we have discussed that ETH is lacking a narrative. Six to nine months ago, then I think we have

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become a bit more positive three to four months ago, but I would have never expected now by only also the Ethereum Foundation saying, let's refocus a bit more about the asset and the narrative around that asset that it only takes a couple of months to let's say, turn this whole narrative around and make it as positive as it is right now. Absolutely crazy. And they even coined a new term for these companies now. So if you hear the word DAT,

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They refer to a digital asset treasury company. it doesn't, obviously it doesn't stop with Ethereum, but next is Solana. So there is UPEXI, which is a company who puts Solana in that treasury. There's even a DeFi development corp. So DeFi goes stratify now. It's a crazy development. And Stefan, maybe coming back to the digital oil, because I think it was also one challenge, at least from my perspective in the recent years for Ethereum was it.

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It was not so easy to describe in a few words. So for Bitcoin, this digital gold, it was super easy. Like people get this within seconds, right? I think with digital oil, is now like an approach to make this very tangible, very easy. And can you maybe elaborate a little bit more on what's meant here? So is it basically because, mean, oil you can use for everything. So Ethereum you can use for everything. So is this the comparison or where does this come from? I think they compare for, I think Andrew Keyes is quite verbose about the whole thing. he...

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He says, okay, if you want to invest in a landline, you buy Bitcoin corporate treasuries. If you want to invest in an iPhone, you go for the more versatile asset. And he even goes further and says, okay, Bitcoin is one asset, one use case sent. And Ethereum is about many, many different kinds of assets like tokenized stocks, for example, like stable coins, et cetera, and many, many versatile use cases. And then he usually

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goes into using ETH as the asset you need actually to run the network, to secure the network through staking. And you as an investor can also be part of that whole thing. So, so ETH, the asset is everywhere. He also goes into this dynamic issuance that it's actually

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quite important to have a dynamic issuance for a thriving economy and not have a fixed balance like Bitcoin, for example. So it's a lot about the narrative also against Bitcoin. They also try to be friendly to Bitcoin and say, okay, we wouldn't be here without you. But then they try to differentiate. And I think that's a new form of self-confidence also to say, okay, we are here and we don't need to hide. We are quite proud of where we got. And now we get closer to Wall Street and try to explain in newer terms.

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what this is all about. And if you hear it now, it sounds so simple. And I thought to myself, okay, I tried to explain that so many times over the last years. And now it's so simple when you listen to these guys, sometimes they exaggerate that thing. So obviously it's more complicated, but they make a good job to put it in simple terms, what all of us, think, see for quite some time, but the market...

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didn't fully understand and appreciate. And now it's exaggerated. Let's see how long it lasts till we come back to reality a bit. So I think the truth lies always in a bit in the middle, but yeah, it's quite an interesting movement to see crypto as a whole and not only Bitcoin. was a bit annoyed by this, this only Bitcoin counts. I think the ecosystem is much, much broader. And I think this movement now reflects that. And Alex, didn't you talk about Ethereum being undervalued?

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a few months ago. Our Oracle. I think I don't get enough credit for that. Thanks for mentioning it. I have one question, Stefan. Are any of these companies listed and do we see a similar premium as with strategy, like formerly micro strategy, where you have a big premium between the net asset value and the price of the stock? Yes, I think they are listed because they were prior

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Bitcoin miners or did completely different things. So they are sometimes listed under their old ticker. So for the Ethereum machine, it's still the Dynamics Corporation ticker they use, but they want to relabel that to fully signal their new purpose. I think sometimes these companies might bring in liabilities from the past. So I think it's not, we shouldn't YOLO in and just invest without checking what

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what's actually behind these companies. So yes, this is the vision, but what's reality is I think a very interesting point here. So no financial advice from our side. I think this is very fresh. Most of them just started repurposing the vehicle for these new purposes. So I think the upcoming month will tell how fast these plans go. Often you hear big sums and

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It's not even invested or it's not even yet invested in Ether at least. So it's a lot of announcement and facts need to follow, they are public companies. So we will see the quarterly reports and that will be quite interesting to look into them and see, okay, what's actually behind the curtain now. Yeah. I mean, it will be interesting to see whether this huge premium between the asset or the balance sheet and the price of the stock is something that's

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only true for strategy and Sailor or whether this also appears here with these companies. And maybe we should then make it a topic in that podcast as well. I have taken a look at that over the last days a little bit. It's extremely complex. I'm not sure if it's possible to really discuss and explain that in a podcast, but Michael Sailor does there, but at least it's an interesting topic.

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And what we haven't mentioned until now, Jonas, before you might want to move on is that Ethereum has celebrated its 10th birthday this week, right? Maybe that's also the reason for the bullish sentiment. Exactly. Yesterday they put a nice photo from Kreuzberg, Berlin, where they had the initial party with Vitalik very much in the background. So if you look on LinkedIn, this photo is circulating. So very, very, very.

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like a garage company that was just kicking off 10 years ago. 10 years Ethereum and like 17 years Bitcoin. It's crazy how time flies, right? I mean, one company definitely profiting from all of this is Coinbase, right? As a crypto exchange with higher volumes and also one of the largest custodian of ETFs and they also now, yeah, shared a few announcements that we want to, you know.

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And also make digestible and go a little bit deeper on now as next topic. July certainly brought interesting news from Coinbase. Coinbase in my reading shifts towards a platform place. Some in the industry even referred to it as the Netscape moment for blockchain in terms of mass adoption. Well, there are three interconnected developments from Coinbase that do collectively signal exactly that.

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shift at Coinbase towards a platform play. And these developments are first that Coinbase reveals its super app labeled base app. Then second Coinbase acquires token management platform Liquify and third Coinbase partners with the AI firm Perplexity. So let's deep dive in the first one, the super app labeled base app. yeah.

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Coinbase in July unveiled its base app. It's a rebrand and major expansion of their existing Coinbase wallet into and what they refer to as everything app quote unquote for the on-chain economy. Core features of this everything app include an integration into social media, AI tools, payments tools, gaming, and creator monetization in a single app. We often in this podcast,

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at least talked about the user experience issues of blockchain in particular for retail investors that have to overcome the intricacies of interacting with wallets or investing in this space. But now to me, this app might be a breakthrough when it comes to user experience. One example is that the app includes Apple Pay for simply purchasing USDC and it eliminates the traditional

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crypto onboarding friction that so many complained about when trying to invest in crypto, example. Interesting is also the technical foundation and that it builds on open protocols, including Farcaster for social and XMTP for messaging and Sora for monetization. So you might even argue that using these open protocols is a first step of being also ready for a potential

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MyCar registration as open data protocols certainly help here. And when it comes to earning money with this app, the revenue model includes multiple revenue streams, which makes sense because if you have so many features in one app that includes social media and payments and gaming, there are multiple revenue streams. One interesting one is a 1 % cashback on USDC transactions, social commerce fees, and of course, the fees on traditional trading.

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So wait, Michael, Coinbase earns 1 % cashback on UCC transactions or the users of the app earn 1 % cashback? This is for me the users and the revenue model is that they incentivize users to use this app and the monetization happens then in different features like the social commerce fees or the traditional trading. Yeah, and for me, the reason why this news made it

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to our episode is the market positioning. the CEO Armstrong calls it their Netscape moment. the point crypto at least becomes accessible, really accessible to mainstream users in one, everything digestible app. And if that's true, and if they live up to that promise, Coinbase is not only shifting towards a platform play with this move or with these free moves, but also it might get increasingly easier for users to onboard crypto.

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So I found that really interesting and I downloaded the app just to play a bit around with it. And I think, and you mentioned that Michael, it might be that one push towards bringing

crypto a bit closer to the, let's say normal, not crypto native user and making that whole UX UI a bit more simple and intuitive. I think it will be a huge challenge to actually bring enough users onto the app as it's always the case when you want to create new.

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networks, but I think this is going very much in the right direction of making crypto digital assets intuitive and easy to use. And I mean the topic, as you just said, Alex, and we talked about this in the podcast so often, like that's one of the main showstoppers currently as well in this space, right? That the user experience is not where it is for traditional products, if you think about Apple Pay or others.

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Yeah, I think it's really a challenge to gather these networks together, right? And I mean, they are not the only ones that want to do this. So if I think about X, for example, they also want to get make an everything app, right? A different approach, but still they rebranded for that. And I think in the background, they are working on all of that. So they are probably not the only ones out there. What I found remarkable and I downloaded the app, but it didn't work for me. I don't know whether some features are not available over here in Germany, but

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In the announcement, they pronounce very much the social media features that each post you do on Farcaster is actually backed by a token. So you can really earn by posting and getting viral through your tokens. And the idea behind that is that you, I think you gain 1 % of the value of the post by the trading fee that you sell your post to someone in that token.

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But then you shouldn't sell your tokens actually, because it's about your social capital. So I think the whole, need to watch closer what the whole social game behind that thing is because I think we all know what became of Twitter with X, with all the bots in there. So I think it's really, really hard to find a good home for social media these days with all the bots running around and AI coming at you. So I think here, if they integrate it wisely with a good identity mechanism,

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be it World ID or other things where you can prove humanity and integrate that with a nice social media creators fee. This could become interesting, but that was tried by many others before. So let's wait some weeks and see how that develops for base. And what I also liked very much is that they are so open. So also regarding blockchains, you might imagine they just use their own base layer too, but they are open to Arbitrum, to Avalanche and all the others.

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So this is really a nice play actually to make them even more credible to the crypto scene, to the wider one. So, cool move. Yeah, where I remain a bit skeptical as to what extent the Everything app is really adopted to its full extent. mean, the fact that you launch an Everything app does not mean that each and every feature of that Everything app is then used. I mean, we know a successful Everything apps in China.

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where apps are used for messaging and payments and e-commerce, but not necessarily in the blockchain space. Users have been waiting for an everything app. So that remains to be seen, but it's a really good shot at trying to get retail investors better into the blockchain space. And why this move by Coinbase targeted retail investors, they made a second very interesting move that is they acquired a token management platform, Liquify.

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Liquify is a leading token management platform used by Uniswap Foundation, OPLabs, Athena, Sora, OX. Its core capabilities entail token cap table management of vesting schedules, compliance workflows, and the navigation of regulatory frameworks across the globe. and Coinbase at least.

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plans to integrate Liquify into Coinbase Prime for end-to-end institutional token services. So the problem that's being solved here is that token launches currently require navigating fragmented legal, and tax, and compliance hurdles with custom solutions. And now with Liquify under the roof of Coinbase, this might get way

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more efficient for institutional investors. So what Coinbase here now can offer is a more automated workflow that reduces the risks when launching a token and ensuring regulatory compliance at the same time. So the second of these two moves by Coinbase now is really targeting institutional customers. And it's a second step into becoming more of a platform company.

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which now can offer institutional investors to tokenize more efficiently. And ultimately, the third move is Coinbase's partnering with AI firm Perplexity. It fits into the picture of enhancing the user experience for both retail and institutional investors in that AI can very much help in doing so.

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Perplexity, for those who don't know yet, is a web search engine that uses a large language model to process queries by the users and synthesize responses based on web search results. It adopts a conversational approach as, for example, chat GPT does, which most of our listeners very likely know. And in doing so, perplexity allows users to ask follow-up questions and receive contextual answers, which

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is my argument why it increases the user experience. And Coinbase is apparently now planning to increasingly embed these AI features and these conversational features into its products. It plans to do so in a two-faced approach. First step or first will be real-time analysis of crypto markets.

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And the second phase will then be a direct integration into perplexities conversational AI for trading and portfolio queries. And with these, or my take on these three developments is Coinbase now really transforms from a mere crypto exchange into a more comprehensive platform, specifically a financial technology platform. And this platform play targets mainstream adoption with the app, but also

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institutional great investors with the tokenization services. Yeah, so it's really Coinbase and also we probably have to mention Circle are two of those companies that are, I mean, to me at least the most interesting when it comes to making crypto mainstream. They really do a lot. They are definitely building that bridge between the crypto slash DeFi native community and a more broader user base.

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So I think, yeah, that's very promising what's going on there. And I'm hoping of course that they will be successful. Something that might help them become successful is progress on the regulatory front, in particular in the US. And we had that crypto week between the 14th and 18th of July.

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where Congress has advanced some significant federal crypto legislation in the US. We had three different legal frameworks that have been discussed and also voted on. And if we maybe quickly mention all three of them, it was first the Clarity Act, which is a market infrastructure regulation. It was the Anti-CBDC Surveillance State Act. I think the name says it all. is about prohibiting CBDC from becoming a reality.

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And then last but not least, the Genius Act. The Clarity Act and this Anti-CBDC Surveillance Act have been approved in the House, but they still have to go to the Senate. So in the U.S., it's always the House and the Senate both are debating and then have to pass legislation, which still needs to happen for Clarity Act and this Anti-CBDC Surveillance Act. However, the Genius Act has...

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been passed by the House, by the Senate and has already signed by Donald Trump. So this has basically come into effect or is about to come into effect in the next months. And the Genius Act is regulatory regime for stable coins in the US. So you could say it's the US equivalent for MiCA, the Markets and Crypto Assets Regulation in Europe. However, it's even more focused on stable coins. So I would say even more targeted. Something that's important.

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is since we are probably going to discuss a bit about the Genius Act in the next minutes, the Clarity Act, which I've just mentioned, will specify some of the rules in the Genius Act. So it's a bit similar to when we had MECA at first in Europe, we had that MECA level one, right, which is a high level legislation. But since then we have level two and level three, so very many technical standards.

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And it will be a little bit similar in the US where we now have the Clarity Act, where we have some of the specifications of things that are laid out in the Genius Act. So take it a bit with a grain of salt when people discuss the Genius Act at the moment, because it's in particular when they compare it to MiCA, because it's not the same level of detail. Maybe just two or three sentences about the most important differences or similarities between Genius and MiCA. And we have published

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an episode last week, 27th of July, where we go into very much detail on that topic together with Anja von Rosenstiel. But let me nevertheless mention one or two points. mean, one thing that's, I believe, important is that neither Genius nor MiCA allow stablecoin issuers to pay interest. So in both regimes, interest payments are prohibited. It will be interesting to see whether

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stablecoin issues find a way around that. mean, some of them are still paying interest as of today, not in Europe, of course, but in other jurisdictions. Something else I wanted to mention is who is actually allowed to issue stablecoins. In Europe, that's pretty clear. You either have to be a bank or an e-money institution. For both, you need a license. In the US, it will be similar, even though there are different versions of a bank. It can be a depository trust institution.

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But what's important here, because this has been discussed, is to what extent can non-banks actually issue stablecoins in the US? Because we had Amazon and also Walmart announcing that they wanted to issue a stablecoin. And apparently, and that was also the judgment of Anya in our podcast last week, it's close to impossible if you are a big listed corporation to issue a stablecoin in the US. Because what you would have to do is you would require an exemption

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from the so-called stablecoin review board, which is under the leadership of the US Treasury Department. And at least her assessment was that it's close to impossible that you will get this exemption as an Amazon or a Walmart these days. So most likely this is going to be difficult for them now to issue their own stablecoin. Interesting enough, if you are not listed and you might know one or two big companies that are not listed, X for instance, or also

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the social, you do not need this exception. So it's easier for those companies who are not listed. I don't want to imply anything, but I'm just stating the current rules. But that's really interesting, Alex, because a lot of this sentiment in the previous month was also now that these players like Walmart and Amazon, you mentioned them, could go this round, right? But if this is nearly impossible, if not fully impossible, but nearly impossible, of course this changes some.

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some things that it's not so easy for them to just simply issue a stable coin because for them it's, I mean, would be a pretty big case and a pretty big network that they would get. Yeah. I think we will ultimately know when the first one tries, right? And steps in front of this stable coin review board. And then let's see what happens. Maybe last distinction because it's interesting is the reserve and the rules around the reserve. And here in the U S it's

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less restrictive when it comes to how much money you have to hold in a bank account. And that's something that has been criticized a lot around Mika that as in particular, when you become big, when you become a so-called significant e-money token in Europe, so a significant stablecoin, you have to put at least 60 % of your reserve into bank accounts. And this rule does not exist in the US plus, and that's even more interesting in my opinion, there are no additional

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capital requirements in the US. So in Europe, have to hold two to 3 % of additional capital when you issue a stablecoin. In the US, are as of now, of course, when you're a bank, you have your capital requirements, but no additional capital requirements if you issue a stablecoin. And I think, Alex, that's pretty massive, because if we think about this business case of stablecoin issuers, right, for US dollars is then way easier because you don't have the capital requirements.

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You can invest more in assets like government bonds where you get more money than on your bank account. Right. That's the second thing here. And the interest rates on the government bonds are way higher than in Europe. Right. So, and this could be easily be a percentage difference, I don't know, maybe two or three percentage point, which is a lot. Right. So I think thanks that you mentioned that, because I think this is really, really important for everybody who considers issuing a stablecoin or creating a viable incentive based model out of this. Yeah. And it is along the political will.

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and the necessity to find new investors in the US dollar in the end and the government debt overall. So I think you can clearly see the whole political movement behind the Genius Act. It's very much serving the state, I would say. Yeah, you're right Stefan. I think it's super political and politically motivated. And you see this also...

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at one point, is it's extremely, extremely easy. It's doable for foreign stablecoin issuers to enter to the U.S. So Genius is very open and inviting to foreign stablecoin issuers. If you are regulated in a similar regulatory regime as the Genius Act, and I'm almost sure that Mika would be classified as similar, you do not need any extra license or

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or approval in the US, you just have to register. can go there, you have to announce it, of course, you have to register, but then you can start immediately issuing stable coins without any extra steps. And that's of course a very open way of handling stable coins versus what we do in the EU, where we are more like trying to do everything to keep foreign stable coin issuers out. So your advice for European players is to not issue a Euro stable coin, but rather a US stable coin?

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Well, it's at least if you are a stablecoin issue around the world, it's of course super easy now for you to just replicate your business in the US and say, enter the US, I open maybe an office and can just replicate whatever I'm doing in Europe, in the US as well, without any additional regulatory hustle. That's big actually. And it serves competition, which is usually also something that the US guys like. So actually, there's some cool...

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cool idea behind that one, I guess. mean, it also shows that the US of course, they know that the US dollar is the global reserve currency and they are not afraid at all that this is going to change. you see this versus we in Europe are of course very concerned about the Euro being kind of ran over by the US dollar. So the ECB is very concerned about monetary policy. Yeah.

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We have discussed this, I believe, in the last weeks that at least I am not a big fan of the strategy in Europe at the moment that we try to position the digital euro from the ECB as an answer to US dollar stablecoins, which has now become even more real after after genius. I think we should put a bit more focus on euro stablecoins as well, since CBDC and a stablecoin are two different things.

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For those who want to know more about that, either listen to the episode last week or we have also written an FRZ article which is also translated into English and which we will put into the show notes. Let me wrap up maybe the stablecoin part with a second news which is about Allunity. Maybe quick reminder, what is Allunity? Allunity is a stablecoin issuer out of Germany planning to issue a EUR stablecoin.

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And today on the day of recording, this is actually going to happen for the first time. So we have the 31st of July and All Unity is just about to announce, I think in two hours or so. So Stefan, Michi, Jonas, you will get this now exclusive in two hours. It's going to announce it's go live. Maybe a quick, quick disclaimer. I mean, I'm part of that project. I'm currently the chairman of the board and I just want to highlight that I'm speaking here in my private.

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capacity and will only share things that are then public anyway. So we will bring Alex Hoepner, the CEO of AllUnity to the podcast in a couple of weeks. Then I think he will share some insights with us. But just for now, joint venture between DWS, Flow Traders and Galaxy Digital. We have received the license approval 1st of July and now 31st of July, AllUnity is going live with its coin EuroAU.

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It will be listed at first on bullish and there will be two pairs that can be traded, Euro AU against Bitcoin and Euro AU against USDC. And then of course, more exchanges are going

to follow in the next weeks. And I believe a couple of partnerships have already been announced with BitGo, Tradewest, Bankhouse, Metzeler. And there are also many more to follow over the next weeks. So another, let's say.

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Hopefully successful and serious Euro stablecoin competitors is just about to go live. Congrats Alex on this one. Thanks a lot. And let's head over to the next big thing in the TradFi world or not necessary TradFi world, but at the intersection of TradFi and DeFi. And that's tokenized stocks. I think in July, we saw some major announcement even in June.

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But so in ECC in Cannes, it was Robinhood who unveiled over 200 tokenized stocks and ETFs for users in the EU, tradable 24-5, so not over the weekend. And they announced instant settlement, as we all know with tokenized assets, but also eligibility for dividends and zero commission. So a very retail focused offering.

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of Robinhood and they didn't stop there. They also offered access to private equity from OpenAI and SpaceX. And they celebrated for one or two days until the reaction on Twitter came from OpenAI that they said, okay, we didn't know about this, what you are doing over there in Europe, which led to an interesting discussion.

38:32

what this actually is. are these real stocks? Are these derivatives? Are they just tracking the price? How do they do that through the night and over the weekend? So if you trade over the weekend or, and it's obviously clear that these tokens might escape into self hosted wallets or you don't know what's happening next, but many, many questions arose so that even the SEC had to comment.

38:59

on the whole thing. So Hester Pierce said, okay, distributors of tokenized securities must consider that disclosure obligations under the federal securities law and may wish to refer to the division of corporation finance reason stuff statement on this topic. So you see big news regarding traditional finance now being involved into this tokenized ecosystem. And it was not only Robinhood, it was also Kraken, Coinbase and Etoro.

39:28

announcing offerings of similar solutions or applying with the SEC to do so. So I think major movement here in July that the next asset class is about to be tokenized. And what I find stepping back a bit, what I find very interesting that again, it's starting with retail. So, so institutional investors might say, okay, that's not the real thing. That's not real stock, whoever.

39:56

I was just yesterday in a client meeting with a private bank and they said, okay, who would invest in something like that? It's much, much worse than the traditional thing. This is true for sure, but it's starting in this retail world and we will learn about it. And maybe one or two years later, this might hit into the institutional world more heavily.

40:20

Do we know Stefan, like what the key value propositions are here? Because obviously from a retail client perspective, I mean, it's great if you can make these stocks kind of, you know, in a fractionalized way that you can also invest with lower ticket sizes. I think that's great. But of course, also before blockchain, there were providers that already did this, right? So is this a game now about efficiency gains? You know, they have this all on the permissionless blockchain at some point, you know, but this would also require, I the real issuance, so not just a derivative.

40:49

Do you know what's the play here? Is it primarily about marketing and tokenization or what's the game? Do you have a feeling for that? Yeah, I think it's about offering seamless access to different asset classes for the more crypto native people. So having rather a wallet experience because if you talk to younger people who invested in crypto, they find it quite strange that they can't invest into other stuff in the same simple fashion in the end.

41:18

I think it's this target group that is addressed first to say, okay, I want to have it seamless. I would also guess that it's just about time that you will use these assets again as collateral into more defi native use cases. Like we see with lending against your Bitcoin asset, why shouldn't you lend against your stocks or something like that if you need cash? So on base of...

41:46

stuff like Morpho or other DeFi services. I think these are the next steps I would expect to make more out of that. It's not just pure one-off investment or dollar cost average investment over the month and making that easy. These are the first steps, but then doing more sophisticated stuff in the retail space will be next. And then you see the ecosystem evolve and then it will get more interesting.

42:13

for other players over time, I guess. I think it's cool we're discussing the tokenized equity innovation here right after the US regulation news, because you might go as far as to say that tokenized stocks might even represent a next phase of this financial dollarization that the stablecoin, that genius and carry T potentially cause.

42:41

So these tokenized stocks extend beyond stablecoins to give anyone with a crypto wallet access to US equity markets 24-7. And this might change how global wealth accumulation works, especially in emerging markets where local investment options are today limited or risky. I think Jonas had a point there. So Jonas.

43:09

criticism of the value proposition probably in the developed world applies. But I think in an emerging markets, you might go as far as to say that these tokenized stocks

43:22

are the next phase of financial dollarization as they bring them the tokenized stocks to emerging but still it's targeting against Europe, which is quite interesting. But then even the Bank of Lithuania, which oversees Robinhood's EU operations, has launched a regulatory review of the offering after all the backlash. So I think they are not through yet, but they did a huge marketing gig at least, and drew a lot of attention on the Robinhood crypto offering so far. I think that's at least the first success of this stunt.

43:51

And they the whole ECC. actually a FinTech now. And I think that's a larger trend that FinTechs understood with what the crypto rails are offering for the low cost services actually. And yeah, let's see what's next in this realm. We see the marriage of FinTech with crypto these days. Maybe another interesting news is that the crypto trading technology from Talos

44:22

is buying Coinmetrics for more than a hundred million according to a person familiar with the matter as news was spread. The deal will combine Tellos execution and portfolio management infrastructure with Coinmetrics blockchain analytics and market data. And I

think that's also very interesting that we see more and more analytics companies, crypto native analytics companies who get valued quite high.

44:49

and then get targeted by some acquisition and merger action. So Talos is one of the strong players in that field and now getting even stronger. A last interesting point in this section from my side is the ESMA report on the DLT pilot regime, which I found quite interesting. So ESMA was...

45:16

offered this new paper where they analyze what's going on in the realm of the DLT pilot regime. It looked into the three systems that are currently licensed. This is CSD-Preg, which is running on Corda, 21X, which is running on Polygon, and 360X, which is running on its own more internal infrastructure on D7.

45:42

So all the three proponents here offer very different services on very different infrastructure, which is quite interesting that the DLT pilot regime actually managed to attract just a few players, but very different one with different target audiences and different technology. So I think the idea of a sandbox to test out the market and see who comes up with which creative direction.

46:12

of opening up capital markets on blockchains is quite an interesting thing. It also mentioned three new applicants Axiology, which is again running on Ripple blockchain, a private version of Ripple. Then Securitize, the big player who is the technical partner of BlackRock also goes for a DLT pilot regime license. They run on an Avalanche C chain, a public blockchain.

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And then there's lies Cryptown who are running on a Hyperledger BISU blockchain instance. So again, three more players with three more different infrastructures. So quite some diversity triggered by the DLD pilot regime. And ESMA also has some advice that limits should be lifted, that it needs to become even more attractive to join the party here, that the pilot regime shouldn't stop after six years.

47:09

to make it from a business case more viable to actually invest into such an endeavor. So quite some tailwinds for the people who already invested a lot of time and money to engage in the pilot regime. Let's see what's next with that. Stefan, one remark on TALOS. So since we bring the European perspective to institutional blockchain, I kind of feel obliged to share one thought that is...

47:37

as US-based crypto infrastructure providers consolidate and expand their institutional offerings, think European financial institutions might risk becoming at some point dependent on American controlled data and execution infrastructure. It's just a thought, maybe a slight worry, but do you agree that the Talos acquisition underscores the strategic importance of developing European alternatives or ensuring

48:04

that vendors diversify to maintain their operation as the Renity in digital assets. Yeah, I think with Widen we have a Swiss player who is a direct competitor to Talos. They also have this order flow management system here to get the best prices from different exchanges around the world. And behind the curtain, this is then also maybe American players being traded against.

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I think TALOS is, I think the biggest player in this realm, but there are some competitors in there and there, let's see. So I wouldn't, in that regard, I wouldn't be too worried. But what I find interesting is that these analytics companies get valued up. So that was actually the news that coin metrics here is valued at a hundred million. And we have some of these players also in Europe who do a good job to judge the market and blink.

49:00

transparency here. And I think it's a very big hustle to get that started, to just get to five or 10 people you can pay. And then you're suddenly valued in such a realm. So I think this is quite an opportunity to bring light into the dark of this market. So maybe that's motivating for listeners that this is an interesting field to put effort in. Yeah. So if data and analytics emerge as a strategic asset in digital asset markets.

49:29

think there is a difference between a service provider that provides software and something like a credit card network, which has this huge network effect since it's almost impossible to replace. So would be with Stephanie, I would be less worried. Let me maybe add one more piece of news here before we then move on to CBDC because there's been, I think yesterday, a very interesting announcement by JP Morgan, who is known for being extremely...

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Critical in particular, their CEO, Jamie Dimon on crypto. They've now announced a partnership with Coinbase, which will enable clients of Chase, which is the retail arm of JP Morgan to buy crypto via Coinbase. So they will start as early as the fall 2025 with some of these services in early 2026. 80 million plus customers will now have three ways to participate in crypto. What they can do is number one, they can transfer.

50:25

their Chase ultimate reward points into USDC. So convert basically their reward points to USDC. They have the ability to use their credit card, their Chase credit card to fund their Coinbase account directly. And then, and that's the most interesting thing, if I understand it correctly, there will be a direct bank integration between Chase and Coinbase, which to my understanding would mean like you can directly purchase cryptocurrencies from your Chase bank account. So

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no need for pre-funding or anything. So no need to send money to Coinbase and then buy crypto, but directly from your bank account. And that's of course another one of those steps that makes it easier and more convenient to use crypto and start with investing and becoming part of that ecosystem. And with that, we have already mentioned the ECB earlier today. There have been a couple of

51:18

as I believe very interesting announcement, a bit similar than the continuation of the DLT pilot regime. There is also a continuation of a wholesale CBDC. And I know, the ECB does not like that term, but they also want to continue offering wholesale payment solutions for blockchains. Exactly. So there was been like another announcement or at least a few more details on a previous announcement and had made on their wholesale CBDC initiative. Even as you said, Alex, that they don't like the term.

51:47

So the ECB basically says, calls it, you know, like bringing central bank money as a settlement as a two DLTs kind of. So we just shorten this and call this whole CCWDC even if it's not 100 % accurate. And what we do know is that since the first quarter this year of the ECB that they want to continue their work of enabling settling DLT based transaction using central bank money after they had done a trial phase last year. So this last year went from May to November. We discussed this plenty of times in this podcast.

52:17

2 billion euros were settled in the volume, 64 participants, 50 trials and experiments, which was basically a true success. So a lot of market players that participated. And they of course also wanted to get clarity on what's next after this trial because they ended, so they didn't have any access anymore to try things out. So they wanted to know, what's next? And I said earlier this year, the ECB says, you know, don't worry, something will come. And the something is now has been clarified and there will be two tracks of this.

52:48

A, there is a short-term track which is called Pontus as a project name. And what here will be done is a link between DLT platforms and the target services. So basically the payment infrastructure by the ECB will be piloted by end of 2026. So this will offer a single European solution which incorporates features used in the Eurosystems Explorer to your work on DLT in 2024. So that was what this will mean. This is how I understand it.

53:17

The three solutions that were out there from the Bank de Frost, the Bank of Italy and the Bundesbank will be aggravated combined to one solution and can then be used. And in the meantime now, other market participants who want to try things out can ask the ECB to do so. So they are open to do further experiments. So this is the short-term track. Again, by end of 2026, the solution should be available in a pilot mode basically. And then there's the long-term track, which is called...

53:46

up here and what this long-term track does, it aims to achieve a future ready innovative integrated financial ecosystem. So in previous publications, were words like, you know, a European ledger or something like that. So this is really further down the line. And also we don't know really yet what this exactly means because the ECB also mentioned here that they want to be driven by the market. So to see, look, what is needed by the market will in the end be a ledger where

54:12

you know, assets and money sits on the same one. which we always said, which would have massive efficiency gains, but of course, raise questions of governance, right? If this is all hosted and owned by the ECB. But here it's also a market approach that, yeah, a market driven approach that the ECB is following around these initiatives. And I assume this is similar to the unified ledger approach from the BIS that you have like one ledger to rule them all, or at least a combination of ledgers that are very...

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technically very closely integrated. Yes, exactly. And here it's not clear if it's really be one ledger or it will be an interoperability with lot of different ledgers, all of this, because this is further down the road. But what the ECB now really provided is more clarity. the industry asked for clarity here, the ECB also delivered. I would suggest or I would interpret it that the timeline is now a little bit slower than anticipated. So I mentioned that for the short term track

55:10

Pontus, the pilot solution will be available Q3 2026, which is still obviously some time from now. Right. But this might be due to the fact that now the three solutions Bundesbank Bank, the Frostbank of Italy will be combined to one. So this just takes time. And of course for Appia, the long term approach, it's not very clear yet. So you could criticize that and can say, hey, look, we don't know what will come or what not. But I also have to say, I appreciate this practical approach. Right. The ECB is talking a lot to the markets. They did this experiments and trials.

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So they try to understand what is needed before rushing into a decision on how to design things and when to issue them. So even if some might criticize this for good reason because they don't have complete certainty, I think it's a very pragmatic and smart process to really listen to what the market wants and what the market basically needs. So more a market-driven approach than a top-down approach, if you will, that is imposed on the market. Yeah. And let's maybe step back for a second and appreciate kind of the

56:09

very bullish sentiment at the moment. mean, usually when regulators are bullish, it means that they do things as the ECB and announce that, we are going to continue actually our wholesale CBDC program. When the S-Miles announced, hey, we are actually continuing the DLT pilot regime, which is very positive. At the same time, we have the biggest bank globally, at least in the West, JP Morgan, allowing clients to directly invest into crypto.

56:36

We have in the US and in Europe stablecoin regimes. mean, I feel like it's a very, very positive sentiment currently in the crypto and digital asset space. here you clearly see that this, I mean, blockchain is deeply embedded into or will become deeply embedded and is really on this way to be like a central technology period. I think there is no other way to say that, to be honest. It will be. Yes, I was about to disagree. It is not. It will be.

57:05

Nice, guess this was really a nice, you know, kind of closing, close very positively and zoom out a little on where we stand, what has happening, where we stand globally here in this episode. And maybe just before we finally conclude, let's come to our knowledge bites, our tiny pieces of knowledge that we each episode bring to you and which were some highlights for us from the month.

57:31

Maybe Alex, do you want to start with your knowledge bite for the month of July? Yeah, I want to start. There has been an article that has been published by someone who has been a guest in this podcast some time ago, namely Jürgen Schaaf. Jürgen Schaaf is an advisor to the ECB and a part of the ECB for a long time. He has written an ECB blog post called From Hype to Hazard.

58:00

stablecoins mean for Europe, which plugs in very well to the discussion we had about a genius versus Mika and what stablecoins mean for Europe this week and already last week in the episode. it was, I'm not sure if I should say surprisingly positive, I would at least say for someone from the ECB, it was surprisingly positive about stablecoins. Of course, that's not the official opinion of the ECB, but it's definitely worth a read.

58:27

Jürgen Scharf is basically saying that we should not discard stablecoins in Europe. It might be an important tool for the European economy. It's an interesting innovation and we should put a bit more focus on stablecoins. I'm of course, significantly, massively simplifying now, but I would just invite everyone to take a look at that blog post. It's a very interesting read.

58:51

Nice one. Thanks, Alex. Well, brought a tool actually with me today and we discussed a little bit in the beginning on which companies now have invested into Bitcoin, into ETH, into other crypto assets. And there's a pretty cool tool that actually Benjamin Schellinger kind of set up. He was actually one of the co-authors of Alex and myself on our CBDC and zero knowledge proof papers back in the days. And this is a pretty cool tool to check out, you know, which

59:18

which companies have invested in which crypto assets you can filter and by type of asset you can filter by the geographic geographic jurisdiction. a little bit similar on our CBDC tracker that I'm also affiliated with and just recommend this for everybody who wants to play around a little and see who's you know, which which countries also which companies have built up reserves in the past. How did this develop over time? So more for the people that don't like to read but to try out things and to click. This is definitely a recommendation.

59:48

Thank you, Jonas. I brought an economist article that explains why the world should follow Trump's lead on stable coins. I like it for two reasons. A, it clearly differentiates crypto and stable coins, something you not always see in mass media, where stable coins and crypto are often thrown in the same category. And second, I like it because it argues for why countries beyond US and European countries that are on a meca should opt for a stable coin.

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legislation.

01:00:44

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