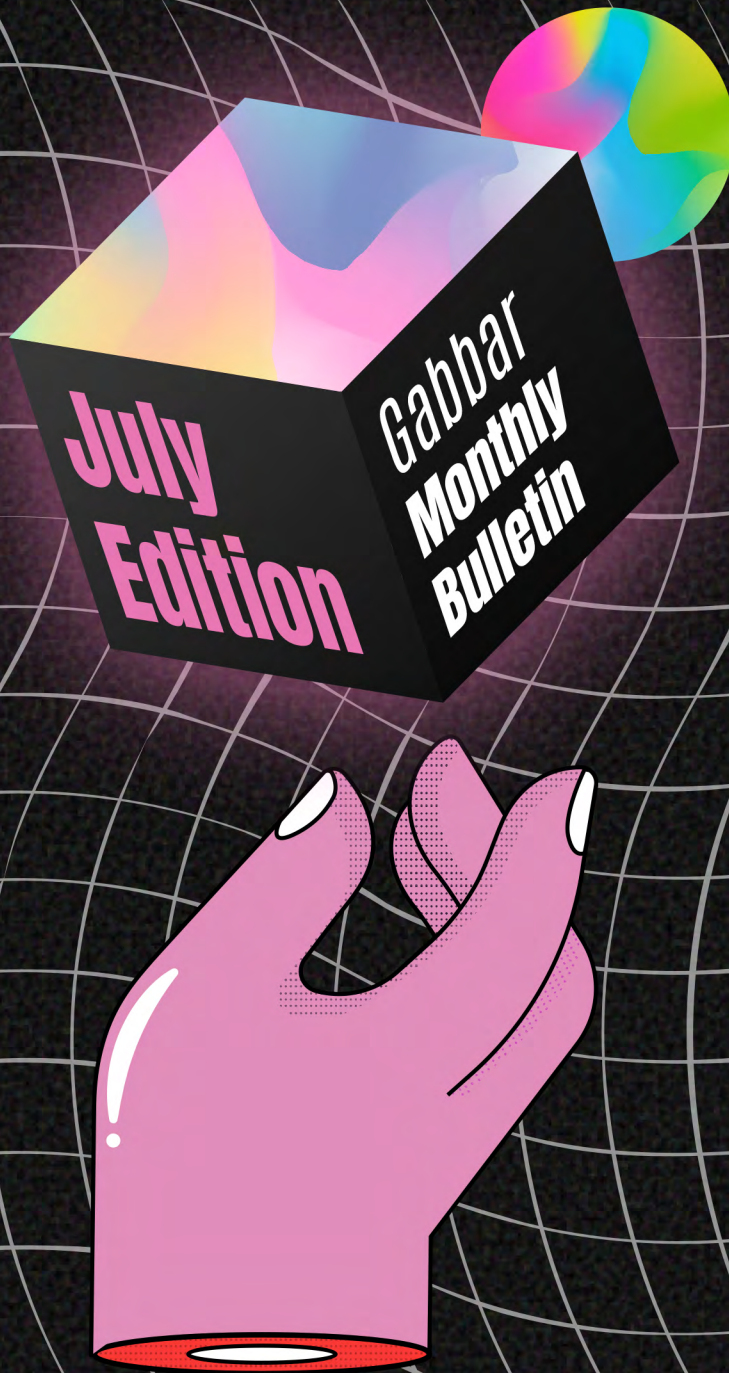




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# The Blockchain Bet

Unveiling Institutional Investor's DeFi Strategies





# INDEX



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Click on Topic to Jump Directly on the Page 

# EDITORIAL

Regulatory Challenges have been the the talk of the town during the past month. Be it the Liquidity Crunch or the fear of recession, number of factors have been influencing the Crypto Industry over the month.

The continuing rate hikes pushed a few more buttons on the panic dashboard and led to a convergence in favour of Crypto Currency.

However, this did not deter the investors from taking cautious but fast pace steps in the Blockchain & Web3 Projects. The projects having technical development and innovative ideas have founder interest but those working on just becoming a part of the Industry are facing the heat.

One thing is for sure, the market is saturating towards the technological advancement which is the key to the development of the Industry.

This gives a clear hope that the projects having a firm technical ground will definitely be getting the support of the Investors and hence the Community by & large.



**Sudeep Saxena**

Co-founder at CoinGabbar



# MONTHLY MARKET *WATCH*

# Analysis of Bitcoin Based on Daily Chart



## Bitcoin Hits New Highs in 2023 as Institutional Interest Soars

Bitcoin experienced a remarkable surge on June 23, surpassing \$31,400 and reaching its highest level since 2022. This impressive rally has been primarily driven by the increasing interest from institutional investors who recognize the potential of the leading cryptocurrency. With a year-to-date gain of around 87%, Bitcoin has demonstrated its ability to generate substantial returns for investors. However, it is worth noting that at the end of the June trading session, Bitcoin formed a Long Wick Doji Pattern, suggesting a level of uncertainty in the days ahead.

The recent surge in Bitcoin's price is further amplified by the entry of financial giants into the crypto space. BlackRock, one of the world's largest asset management firms, recently submitted an application to register a bitcoin spot exchange-traded fund (ETF), as revealed in a filing with the US Securities and Exchange

Commission. This move signifies the increasing acceptance and recognition of cryptocurrencies by traditional financial institutions.

Additionally, EDX Markets, a crypto exchange supported by prominent firms including Charles Schwab, Fidelity Digital Assets, and Citadel Securities, has recently launched its digital asset trading platform. This development further solidifies the institutional interest and participation in the crypto market.

With institutional players actively embracing Bitcoin and the wider crypto industry, the momentum for digital assets continues to build. The increasing involvement of established financial institutions and the record-breaking performance of Bitcoin serve as clear indicators of the rising mainstream acceptance and adoption of cryptocurrencies.



# Crucial Factors Shaping Bitcoin's Outlook in Q3:

## A Deeper Dive



### REGULATORY CHALLENGES

As we entered 2023, the cryptocurrency community and industry were eagerly anticipating regulatory clarity, particularly in the United States. Unfortunately, as the second quarter nears its end, those hopes have dwindled. The U.S. Securities and Exchange Commission (SEC) has filed consecutive legal charges against two major exchanges in the field: Binance and Coinbase. These charges encompass a range of allegations, including the handling of unregistered securities, as well as concerns regarding their "earning and staking services." Moreover, Binance faces accusations of "wash trading" and the mixing of customer funds between domestic and foreign entities.

The SEC's actions and the U.S. government's approach have drawn criticism, with some perceiving them as a potential witch hunt.



Influential figures in the market and Bitcoin enthusiasts, like Cathy Wood, have expressed worries that the United States may fall behind in the race for effective cryptocurrency regulation. Coinbase CEO Brian Armstrong has echoed this sentiment.

Despite the SEC's allegations, Bitcoin demonstrated resilience by swiftly rebounding within 24 hours. Notably, there were surprising outflows of assets from both Binance and Coinbase following the charges, resulting in a decline of stable coin holdings by around 20% in just seven days. Bitcoin and Ethereum also experienced moderate outflows, with approximately 5.7% and 7.1% reductions, respectively.



## The Influence of Volatility and Liquidity on Bitcoin's Performance

The second quarter of the year witnessed Bitcoin's performance being influenced by two crucial factors: volatility and liquidity. Bitcoin has historically thrived during periods of extreme volatility and ample liquidity. However, these conditions were largely absent during Q2, limiting the cryptocurrency's growth.

## The Role of Liquidity and the Federal Reserve's Actions

Throughout the second quarter, as the Federal Reserve continued its hiking cycle, liquidity gradually dried up. This natural decline in liquidity played a role in keeping Bitcoin and other cryptocurrencies in check. A notable example was observed during the U.S. banking sector crisis in March, when the Federal Reserve injected nearly \$400 billion to support struggling lenders and the overall system. This influx of excess liquidity coincided with Bitcoin surging above the \$20,000 mark, highlighting the correlation between easy money and cryptocurrencies.





## The Impact on Bitcoin's Highly Liquid Supply

Glassnode's data and analysis reveal a noteworthy trend in Bitcoin's Highly Liquid Supply. The figure has experienced a significant decline over its cycle, currently reaching a low of 2.94 million BTC. This represents a decrease of 620,000 BTC since January 2022. The declining Highly Liquid Supply indicates a contraction in actively tradable tokens, leading to reduced liquidity and constrained supply. If this trend continues into the third quarter, it could result in sideways price action and market indecision, similar to what was witnessed during the latter half of Q2.

## Recessionary Fears and Stagflation Concerns

As we enter the third quarter, the looming possibility of a recession takes center stage, coupled with concerns of stagflation in certain countries. The U.S. inverted yield curve remains a significant worry, drawing parallels to the prelude of the 2008 global financial crisis. Analysts are increasingly expressing concerns about the resilience of the U.S. consumer, leaning towards a recession rather than inflation as the more immediate threat in the second half of the year. However, recent data and my personal view suggest that inflation will have a greater impact on financial markets.





# Regulatory Challenges and Potential Impact on the Crypto Industry

## Regulatory Challenges and Potential Impact on the Crypto Industry

Initially seen as a potential savior for the crypto industry following significant scandals in 2022, regulation is now facing skepticism from some market participants, particularly in the United States. Confidence in U.S. regulators has started to wane, with many perceiving the government's approach as excessive and biased. Instead of taking a leadership role in the industry, the U.S. risks falling behind as other countries adapt and modify their regulatory frameworks. Criticisms of U.S. regulators stem from their negative rhetoric towards cryptocurrencies and repeated rejections of Bitcoin ETF applications.

### BlackRock's Application for a Bitcoin ETF

Despite the SEC's history of rejecting Bitcoin ETF applications, BlackRock has submitted its application for the iShares Bitcoin Fiduciary ETF. The company believes it can persuade regulators based on its strong position and track record of successfully launching exchange-traded funds, using the same custodian as the Grayscale Bitcoin Trust. Unlike the trust, which can trade at different prices than the underlying Bitcoin holdings, the BlackRock ETF aims to reflect the performance of the Bitcoin price before accounting for expenses and liabilities. The Coinbase Custody Trust Company will serve as the primary custodian for the Bitcoin holdings, with BlackRock seemingly undeterred by the ongoing SEC lawsuit against Coinbase.



### Potential Implications and Increased Demand

Following BlackRock's application, Bitcoin's price has experienced a rebound. Additionally, two other investment firms have filed for similar authorizations, with WisdomTree being the most recent. If BlackRock's efforts prove successful, it could generate excitement around the increased demand for cryptocurrency-related ETFs. This could potentially trigger another bullish run in the market, creating a ripple effect in the industry.

As regulatory challenges continue to unfold, the outcome of BlackRock's application and the response from regulators will be closely watched, as it may shape the future trajectory of the crypto industry and influence market sentiment.



## Key Observations

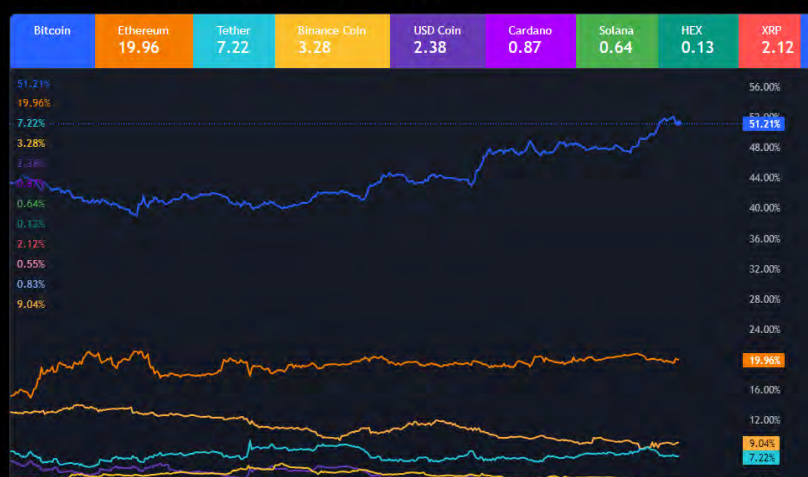
As of June 30th, the global cryptocurrency market cap remains a formidable \$1.15 trillion, demonstrating its impressive scale. Over the past 30 days, the market has observed a modest growth of 4.90%. Bitcoin (BTC) maintains its prominent position as the market leader, commanding a market cap of \$591 billion, which accounts for an 11.67% share of the overall market.

The total market capitalization of the cryptocurrency market has surged close to \$1.15 trillion, showcasing its remarkable growth. Nonetheless, the market is expected to face continued volatility in the upcoming week as significant data releases from the US market loom on the horizon.

## Cryptocurrency Market Cap & Dominance

Bitcoin's market cap dominance has reached over 58 percent, marking its highest level since 2021. This signifies that Bitcoin now represents more than half of the total market capitalization of all cryptocurrencies. The surge in BTC's dominance can be attributed to various factors, including the recent decline in altcoin prices and the increasing interest from institutional investors.

Total Market Capitalization Dominance, %%





## Major Events in July

The forthcoming months holds several significant economic events, including US Nonfarm Payrolls data release, FOMC Meeting Minutes, FOMC Statement and Fund Rates, BOC Monetary Policy Report, BOC Rate Statement, BOJ Policy Rate, RBA Rate Statement.

## U.S Non Farm Payroll Data

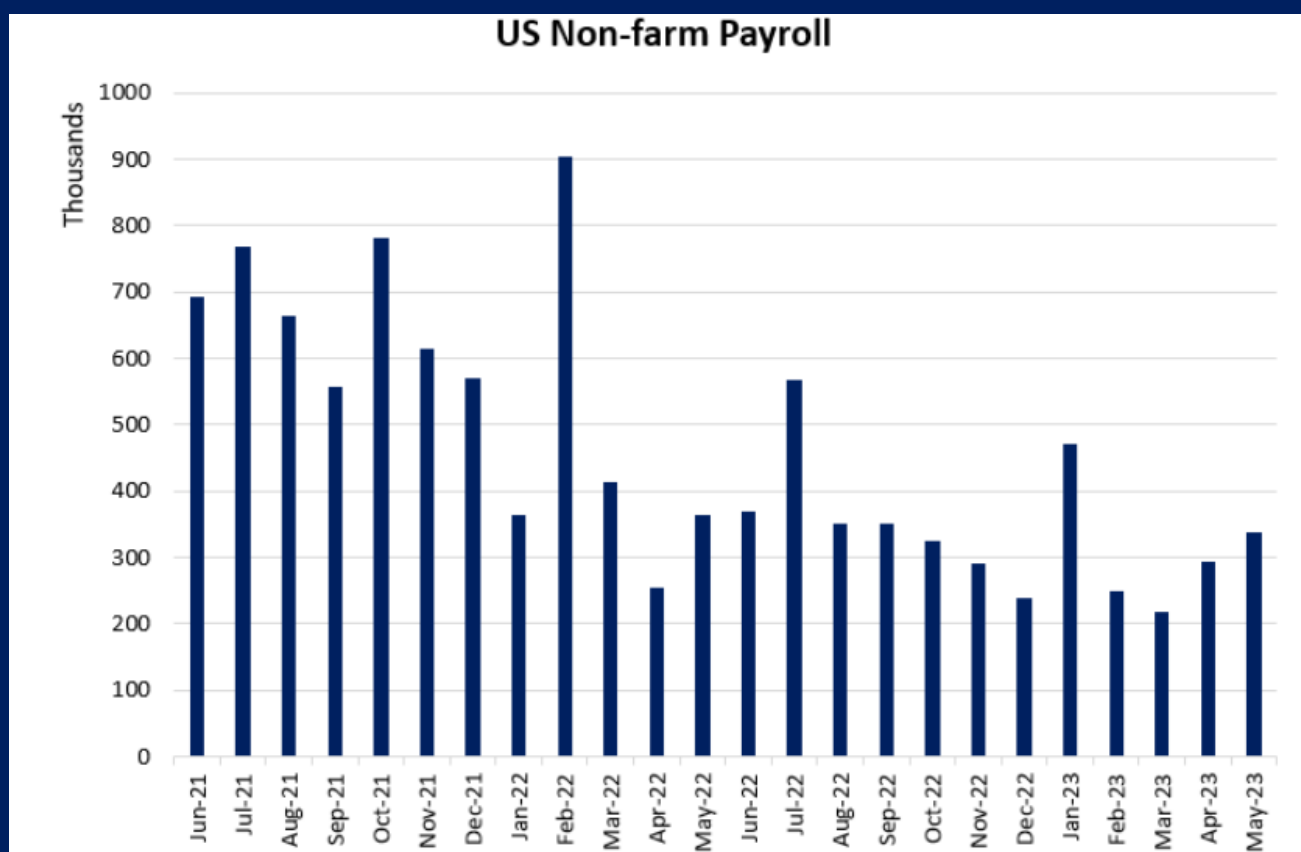
Contrary to ongoing concerns about a potential recession in the US, recent readings of the US non-farm payroll data have been indicating a different narrative.

Over the past year, the US job report has consistently exceeded market expectations in 11 out of 12 instances, with a notable uptick observed over the last two months. The unemployment rate stood at 3.7% in May, indicating a certain level of resilience in the labor market.

For the month of June, forecasts predict a 200,000 increase in non-farm payrolls, with the unemployment rate expected to remain unchanged at 3.7%. Another round of stronger-than-anticipated figures may bolster hopes of a gradual economic slowdown while also potentially pressuring the Federal Reserve to take additional measures, such as a 25 basis points interest rate hike next month, thereby adjusting the timeline for rate cuts.

Forecasts for average hourly earnings anticipate a month-on-month increase of 0.3%. Unless there is a significant positive surprise exceeding this range, the impact may be minimal, with market participants potentially shrugging off the results within the 0.3% to 0.4% range.

Overall, the recent trend in the US non-farm payroll data suggests ongoing strength in the labour market, challenging the prevailing concerns about an imminent recession.



## FOMC minutes

During its last meeting, the Federal Reserve caught the market off guard with a more hawkish stance, indicating a potential 50 basis points of tightening by the year's end. The upcoming release of the meeting minutes will be closely scrutinized for further insights into this guidance, particularly as market expectations continue to differ from the Fed's dot plot, which suggests a less hawkish rate outlook.

Despite several hawkish comments from Fed officials, market rate expectations have remained relatively steady, seemingly more responsive to economic data. Consequently, the minutes may need to contain substantial information to convince the market of the Fed's hawkish perspective.

Investors will be keenly analyzing the minutes for any additional details regarding the Fed's reasoning and outlook. The language used and any nuanced indications of future policy decisions will be closely examined to determine the Fed's commitment to its hawkish stance. The minutes

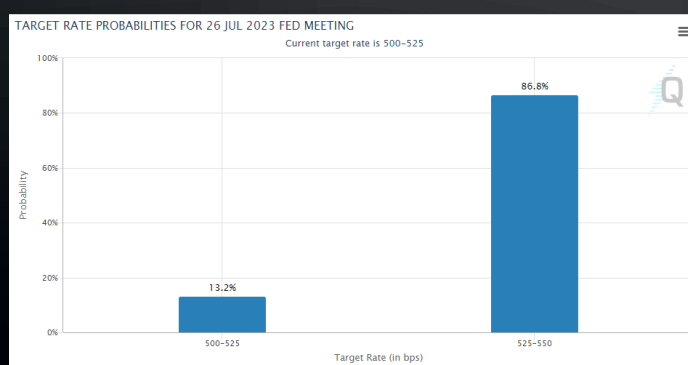
will be closely examined to determine the Fed's commitment to its hawkish stance. The minutes will be closely examined to determine the Fed's commitment to its hawkish stance.

| Meeting Date | Expected Target Rate | 4.5 - 4.75 | 4.75 - 5 | 5 - 5.25 | 5.25 - 5.5 | 5.5 - 5.75 | 5.75 - 6 |
|--------------|----------------------|------------|----------|----------|------------|------------|----------|
| 26/7/2023    | 5.33                 |            |          | 17%      | 84%        |            |          |
| 20/9/2023    | 5.40                 |            |          | 12%      | 65%        | 23%        |          |
| 1/11/2023    | 5.48                 |            |          | 8%       | 49%        | 35%        | 7%       |
| 13/12/2023   | 5.45                 |            | 1%       | 13%      | 48%        | 32%        | 6%       |
| 31/1/2024    | 5.36                 |            | 5%       | 25%      | 43%        | 23%        | 4%       |
| 20/3/2024    | 5.24                 | 3%         | 15%      | 34%      | 33%        | 14%        | 2%       |

## FOMC Statement and Fund Rate

After maintaining interest rates at 5%-5.25% in June, U.S. central bankers have indicated their intention to potentially resume their campaign of interest rate hikes. However, they have emphasized that their decision will be contingent upon the economic data observed in the weeks leading up to their next rate-setting meeting scheduled for July 25-26. The central bankers are closely monitoring the economic indicators to assess the overall health of the economy and make an informed decision regarding the future trajectory of interest rates.

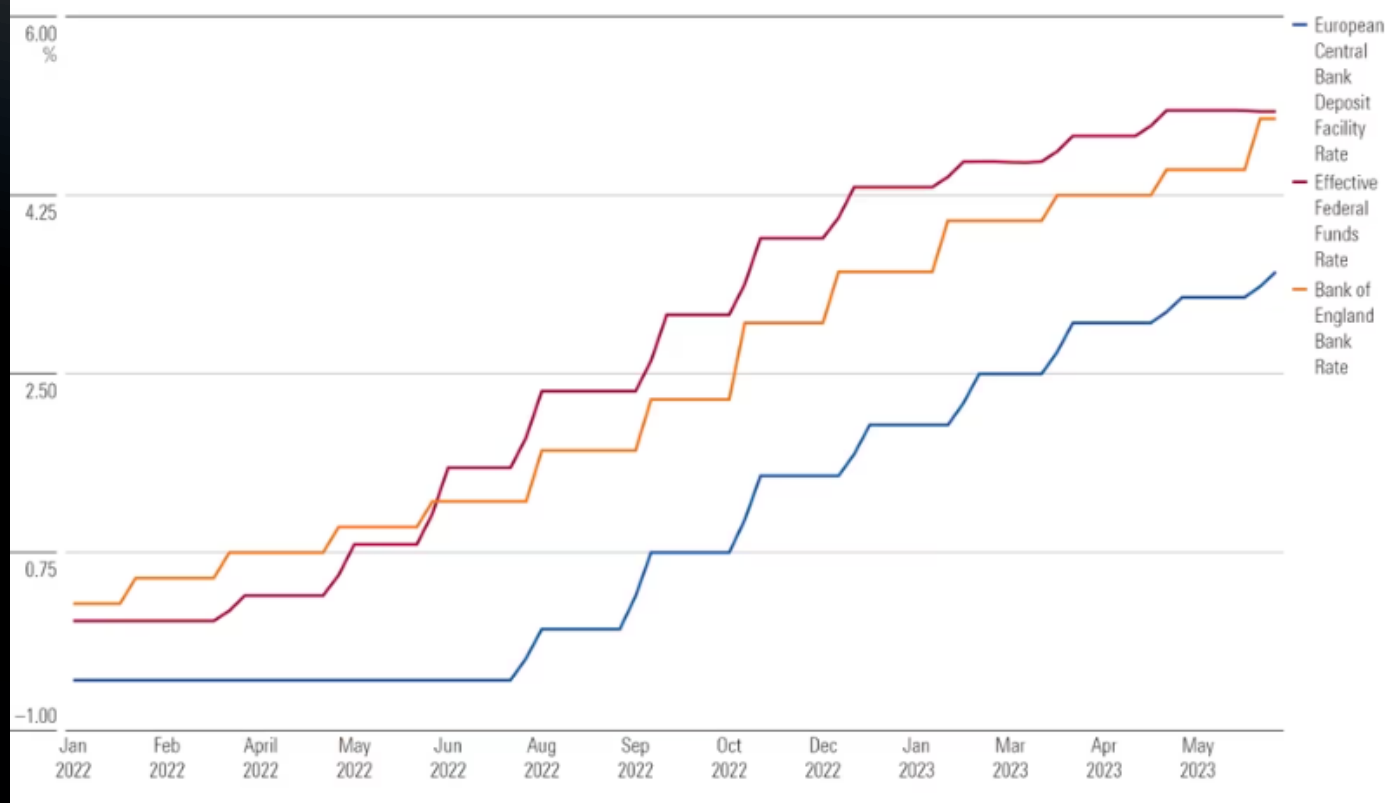
According to the graph published by the CME Group's 'FED Watch tool' shown Above, there is an approximately 86.80% likelihood of the rate increasing to the range of 5.25%-5.50%.





## Divergent Central Bank Policies: Investor Focus on Fed Rate Pause, Continued Rate Hikes in the UK and Europe

### Interest Rate Comparison: The Fed, ECB and BOE



Investor attention is currently divided as central banks adopt contrasting monetary policy approaches. While investors closely monitor the possibility of a Federal Reserve rate pause in the United States, the trajectory of interest rates in the United Kingdom and Europe suggests ongoing hikes with no immediate end in sight.

### Focus on the Federal Reserve Rate Pause

Investors are eagerly observing signals from the Federal Reserve regarding a potential pause in interest rate increases. Amid concerns over inflationary pressures and economic recovery, market participants are keen to understand the central bank's stance on adjusting rates. Any indication of a pause or adjustment in the pace of rate hikes by the Federal Reserve can have significant implications for various asset classes, including cryptocurrencies.



## Continued Rate Hikes in the UK and Europe

In contrast to the potential Fed rate pause, the United Kingdom and Europe continue to experience ongoing rate hikes. The Bank of England and the European Central Bank have signalled their commitment to gradually tightening monetary policy to address inflationary concerns and maintain economic stability. This sustained upward trajectory of interest rates in these regions reflects a different approach compared to the potential pause anticipated in the United States.

## Investor Implications and Market Dynamics

The divergent central bank policies across different regions can create a complex environment for investors to navigate. It is essential for market participants to closely monitor the decisions and statements of central banks, as these can significantly impact market sentiment and asset valuations. As the Federal Reserve contemplates a potential rate pause, while the UK and Europe continue with their rate hikes, investors will need to carefully assess the potential implications for various investment avenues and adjust their strategies accordingly.





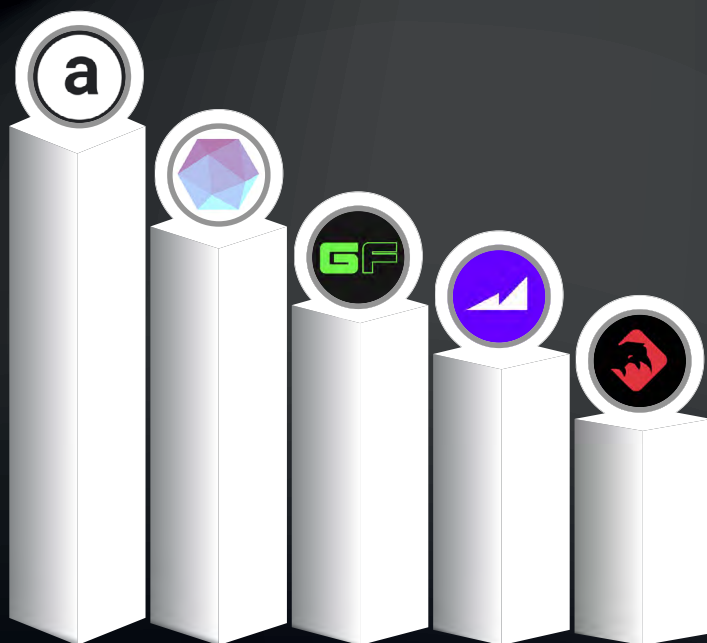
# MONTHLY TOP 5 GAINER

| COIN         | PRICE     | % CHANGE |
|--------------|-----------|----------|
| Dacxi        | \$0.00623 | 282.97 % |
| FLEX         | \$3.83    | 241.29 % |
| Bitcoin Cash | \$294.20  | 160.34 % |
| Pendle       | \$0.8565  | 134.50 % |
| Neutron      | \$0.4513  | 126.00 % |



# MONTHLY TOP 5 LOSER

| COIN              | PRICE     | % CHANGE |
|-------------------|-----------|----------|
| ARAW              | \$0.04025 | 73.36 %  |
| COMBO             | \$0.8602  | 50.29 %  |
| GameFi.org        | \$3.84    | 47.59 %  |
| Maverick Protocol | \$4.06    | 46.07 %  |
| BinayX            | \$1.90    | 45.57 %  |



# THE *BLOCKCHAIN* BET

Unveiling Institutional Investor's  
DeFi Strategies



# The Blockchain Bet: Unveiling Institutional Investor's DeFi Strategies

Institutional investors are the market makers and their every move is not only monitored but thoroughly analyzed by the experts. They are known for their far-sighted decisions and industry insights that can drive future market movements. These initial investments in niche industries can generate substantial returns in their funds.

Recently, the world's leading institutional investment funds are showing an increase in interest in decentralized technologies. From blockchain to Bitcoin, funds are developing new investment instruments that can make it easier for businesses and individuals to expose their portfolios to DeFi and crypto.

In this month's leading cover story, CoinGabbar will take you through a journey of investment



## Exploring Institutional Interests

### Investor Implications and Market Dynamics

Institutional investors view cryptocurrencies as an asset class that can provide diversification benefits to their portfolios. By including cryptocurrencies alongside traditional asset classes like stocks and bonds, they aim to reduce overall portfolio risk and enhance returns.

### Potential for High Returns

Institutional investors recognize the potential for substantial returns in the cryptocurrency market. The volatile nature of cryptocurrencies can offer opportunities for significant gains, attracting investors seeking alpha and higher-yield investments.

### Inflation Hedge

Cryptocurrencies, particularly Bitcoin, are often considered a potential hedge against inflation. Institutional investors may invest in cryptocurrencies as a way to protect their portfolios from the erosion of purchasing power caused by inflationary pressures in traditional fiat currencies.

### Exposure to Emerging Technologies

Investing in cryptocurrencies provides institutional investors with exposure to emerging blockchain technology and its potentially disruptive impact across various industries. They see the value in understanding and participating in this transformative technological space.



# BLOCKCHAIN

## Market Maturation and Institutionalization

As the cryptocurrency market matures, regulatory frameworks evolve, and custody and infrastructure solutions improve, institutional investors perceive a more favorable environment for their involvement. They are more inclined to participate as the market becomes more regulated and offers institutional-grade products and services.

## Client Demand and Expectations

Institutional investors respond to increasing client demand for exposure to cryptocurrencies. Clients, including high-net-worth individuals, family offices, and endowments, express interest in investing in cryptocurrencies, prompting institutional investors to meet those demands and offer appropriate investment opportunities.

## Trading Opportunities

Institutional investors, particularly those with sophisticated trading strategies, may seek to capitalize on the volatility and liquidity of the cryptocurrency market. Trading cryptocurrencies can offer potential short-term profits through arbitrage, market-making, and other trading strategies.



## Forward-Looking Strategies

Institutional investors often adopt forward-looking investment strategies to identify and invest in future trends. They recognize the potential of cryptocurrencies and blockchain technology to reshape finance, payments, and other sectors, and want to position themselves accordingly.

## Innovation and Research

Institutional investors engage in investing in cryptocurrencies to gain insights into emerging trends and innovations in the digital asset space. This allows them to stay at the forefront of financial innovation and identify new investment opportunities that align with their research and market analysis.

## Competitive Advantage and Differentiation

Institutional investors perceive investing in cryptocurrencies as a way to gain a competitive advantage and differentiate themselves in the market. By actively engaging in the cryptocurrency space, they aim to position themselves as forward-thinking and innovative players in the investment industry.



# Balancing Risk Amidst Regulatory Volatility

## Diversification

Large investors spread their crypto holdings across multiple cryptocurrencies and tokens. By diversifying their portfolios, they aim to mitigate the impact of regulatory changes on any single asset. Diversification helps reduce exposure to regulatory risk specific to a particular cryptocurrency or jurisdiction.

## Compliance and Due Diligence

Institutional investors conduct thorough due diligence on the regulatory landscape of the jurisdictions in which they operate. They ensure compliance with relevant laws and regulations to minimize legal and regulatory risks. This includes staying updated on regulatory developments, engaging with regulators, and implementing robust compliance frameworks.

## Active Monitoring and Risk Assessment

Large investors continuously monitor regulatory announcements and changes to assess potential impacts on their portfolios. They maintain close relationships with legal advisors and compliance teams to promptly adapt to evolving regulatory environments. Regular risk assessments help identify potential risks and take proactive measures.

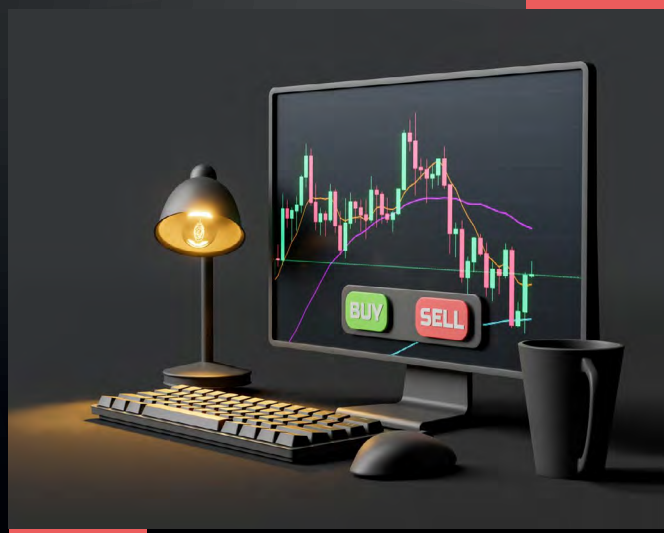


## Engaging with Regulators

Institutional investors actively engage with regulatory authorities to seek clarity on regulatory frameworks, compliance requirements, and any pending regulations. By participating in industry associations, conferences, and dialogue with regulators, they can contribute to shaping regulatory approaches and gain insights into future developments.

## Hedging Strategies

Some large investors may use hedging strategies, such as futures contracts or options, to manage risk. These financial instruments can help offset potential losses or mitigate volatility caused by regulatory changes. Hedging strategies provide a level of protection against adverse price movements.





## Long-Term Investment Horizon

Institutional investors with long-term investment horizons may adopt a patient approach to regulatory volatility. They understand that regulatory landscapes can evolve over time and aim to position their investments for the long run, taking into account the potential impact of future regulations.

## Staying Informed and Educated

Large-scale investors emphasize staying informed about regulatory developments, industry best practices, and compliance requirements. They allocate resources to research and stay updated on legal and regulatory trends. Being well-informed allows them to make informed investment decisions and anticipate regulatory changes.



## Scenario Planning

Institutional investors engage in scenario planning exercises to assess potential outcomes of regulatory changes. They model various scenarios and assess the impact on their portfolios, allowing them to better understand the potential risks and develop appropriate risk mitigation strategies.



## The Great Question of Decentralization

Institutional investors' involvement in the cryptocurrency industry can lead to centralization and power concentration due to their substantial resources and influence. Their large-scale trading can significantly impact market dynamics, potentially distorting market behavior and limiting the decentralized nature of price discovery.

Institutional investors can control significant portions of the cryptocurrency supply through large investments or strategic holdings, contradicting the decentralized principle of widespread distribution and ownership. Their involvement can also influence governance and decision-making processes within cryptocurrency projects or networks. As large stakeholders, they may have a greater say in protocol upgrades and decision-making mechanisms, challenging the notion of decentralized governance.



Institutional investors often prefer centralized exchanges that offer regulatory oversight, robust infrastructure, and liquidity. The dominance of these centralized exchanges can undermine the decentralized nature of peer-to-peer transactions, as more trading activity and liquidity are concentrated in specific platforms.

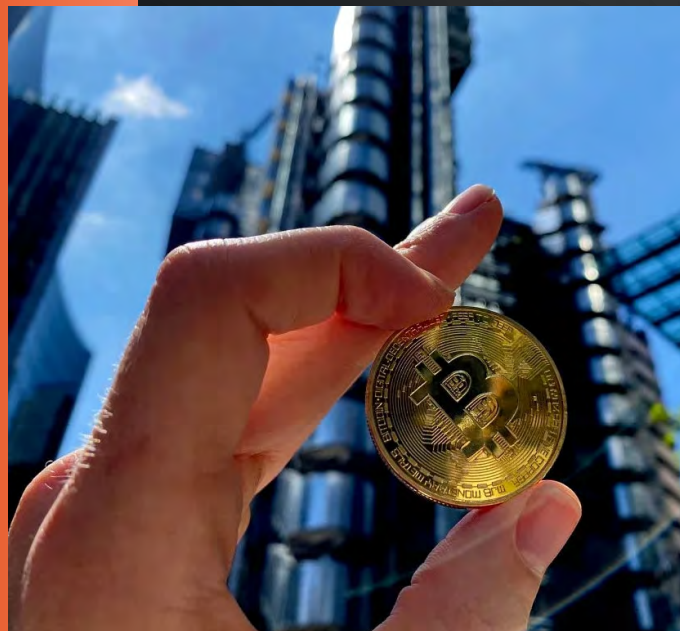
Institutional involvement can also prompt increased regulatory scrutiny. Regulatory requirements and compliance measures often favor institutional players who can afford the costs and resources to meet those obligations. This can create a barrier for smaller or individual participants, challenging the equal opportunity and access that decentralized systems aim to provide.

## What Does Future Behold?

The future of institutional investments in cryptocurrencies looks promising, with a growing interest and positive perception among investors. A survey revealed that by 2022, 58% of institutional investors had invested in digital assets, a significant increase from previous years. This shift is also reflected in the trading volume on exchanges like Coinbase Global, which saw institutional trading exceed \$1.14 trillion in 2021.

However, the path is not without challenges. Market volatility and regulatory uncertainty pose significant risks. The development of a legal framework could provide stability and increase investor confidence. As of February 2023, 114 countries, including the U.S., are considering introducing their own central bank digital currencies (CBDCs) to compete with the cryptocurrency boom.

Cryptocurrencies, increasingly held as investments and used as currencies, have the potential to disrupt the global financial system, indicating a transformative future for institutional investments in this space.





# CAUGHT

# IN THE



# *CROSSHAIRS*

**The SEC Sues Binance and Coinbase**

## Caught in the Crosshairs: The SEC Sues Binance and Coinbase

The Securities and Exchange Commission (SEC) has filed lawsuits against two of the world's largest cryptocurrency exchanges, Binance and Coinbase. The SEC alleges that Binance and Coinbase violated securities laws by operating as unregistered exchanges and offering unregistered securities.

In the second cover story of CoinGabbar's monthly bulletin, we are going to discuss in detail the legal



### Background of Binance and Coinbase

Binance and Coinbase are two titans in the realm of cryptocurrency exchanges, each with its unique background and growth story.

Binance emerged on the scene in 2017 and rapidly established itself as a significant player in the world of cryptocurrency. Its meteoric rise to become one of the world's largest cryptocurrency exchanges is a testament to the digital revolution that cryptocurrencies represent. As of 2021, it was handling a mind-boggling trading volume of over \$1 trillion, underscoring its substantial role in the global cryptocurrency market.

On the other hand, Coinbase, founded in 2012, is another behemoth in the domain. It's not only one of the earliest cryptocurrency exchanges but also a prominent gateway for U.S. investors into the world of digital currencies. Coinbase's popularity extends beyond its home ground in the United States, with a vast user base spread across multiple countries.

Together, Binance and Coinbase form integral parts of the infrastructure supporting the burgeoning cryptocurrency market, each contributing in their unique ways to the development and maturation of this revolutionary financial ecosystem.

## The Current Allegations

The SEC alleges that Binance and Coinbase violated the following securities laws:

- The Securities Act of 1933, which prohibits the offer and sale of securities without registration with the SEC.
- The Securities Exchange Act of 1934, prohibits the operation of an exchange without registration with the SEC.
- The SEC also alleges that Binance and Coinbase offered unregistered securities, including:
  - Binance Coin (BNB), is a cryptocurrency that is used to pay for trading fees on Binance's platform.
  - Coinbase's staking-as-a-service program, allows customers to earn rewards from the "proof of stake" mechanisms of certain blockchains.



## Legal and Regulatory Perspective

The SEC's lawsuits against Binance and Coinbase are significant because they represent the first time that the SEC has taken enforcement action against major cryptocurrency exchanges. The lawsuits could have a far-reaching impact on the cryptocurrency industry, as they could lead to increased regulation of cryptocurrency exchanges and the securities that they offer.

## Response from Binance and Coinbase

Binance and Coinbase have denied the SEC's allegations. Binance has said that it is "committed to complying with all applicable laws and regulations" and that it is "confident that we will prevail in this matter." Coinbase has said that it is "committed to working with regulators to develop clear and consistent rules for the crypto industry" and that it is "confident that we will be able to resolve this matter amicably."





## Broader Implications for the Crypto Industry

The SEC's lawsuits against Binance and Coinbase could have a number of broader implications for the cryptocurrency industry. First, it could lead to increased regulation of cryptocurrency exchanges. Second, it could make it more difficult for cryptocurrency exchanges to offer securities to US investors. Third, it could dampen investor enthusiasm for cryptocurrencies.

## Stakeholders' Perspective

The SEC's lawsuits against Binance and Coinbase have been met with mixed reactions from stakeholders in the cryptocurrency industry. Some have praised the SEC for taking action against major cryptocurrency exchanges, while others have criticized the SEC for its perceived overreach.



## Potential Outcomes and Future Scenario Analysis

The potential outcomes of the SEC's lawsuits against Binance and Coinbase are uncertain. It is possible that the SEC will be able to win its case and force Binance and Coinbase to pay fines or even shut down their operations in the United States. It is also possible that the SEC will reach a settlement with Binance and Coinbase, in which the exchanges agree to certain changes to their business practices in exchange for avoiding further legal action.

The future of the cryptocurrency industry is also uncertain. It is possible that the SEC's lawsuits will lead to increased regulation of the industry, which could make it more difficult for cryptocurrency companies to operate. However, it is also possible that the industry will continue to grow and thrive, despite the SEC's actions.





# LEARN WITH GABBAR

# How to Use a Decentralized Exchange? A Step-by-Step Guide

The concept of decentralization is the foundational stone of cryptocurrencies. Bitcoin, the first cryptocurrency was created to shift the power from centrally controlled financial entities and democratize it for the masses.

But as the popularity of cryptocurrencies grew, centralized exchanges gained a significant position in the blockchain space. The development of unipolar or semi-bipolar power centers in the crypto exchange space threatens the credibility of decentralized control on cryptocurrencies.

That is why the role of decentralized crypto exchanges becomes more prominent than ever. In this edition of CoinGabbar's Monthly Bulletin, we are going to explain a step-by-step method using which you can start using a decentralized exchange with ease.



## What are Decentralized Exchanges?

Decentralized exchanges, often referred to as DEXs, are a type of cryptocurrency exchange that operates without a central authority. This means that all the transactions on such platforms happen between the users using an automated smart contract.

For decentralized exchange, users do not need to trust the credibility of some third middleman to facilitate or validate the legitimacy of the transaction. DeXs use blockchain technology for transparency and validation of all transactions.

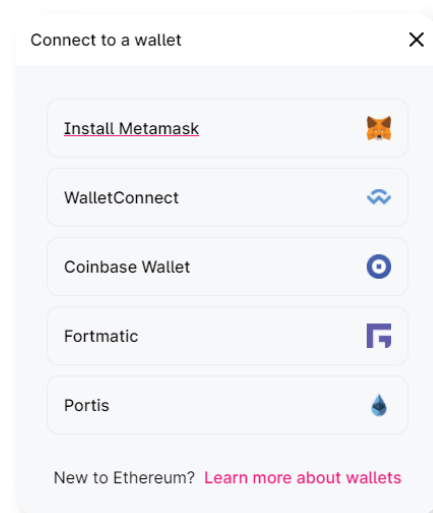
## How to Use a Decentralized Exchange?

Here is a list of all the steps you need to follow to learn how to use a decentralized exchange effectively.

### Create a Wallet

To use a decentralized exchange, you will need to have a crypto wallet. Decentralized exchanges never store cryptocurrencies in their wallet on your behalf and that is why having a crypto wallet is mandatory.

Some popular choices include MetaMask, Trust Wallet, and any hardware wallet such as Ledger Nano S. These wallets are non-custodial, which means that you have full control over your assets.



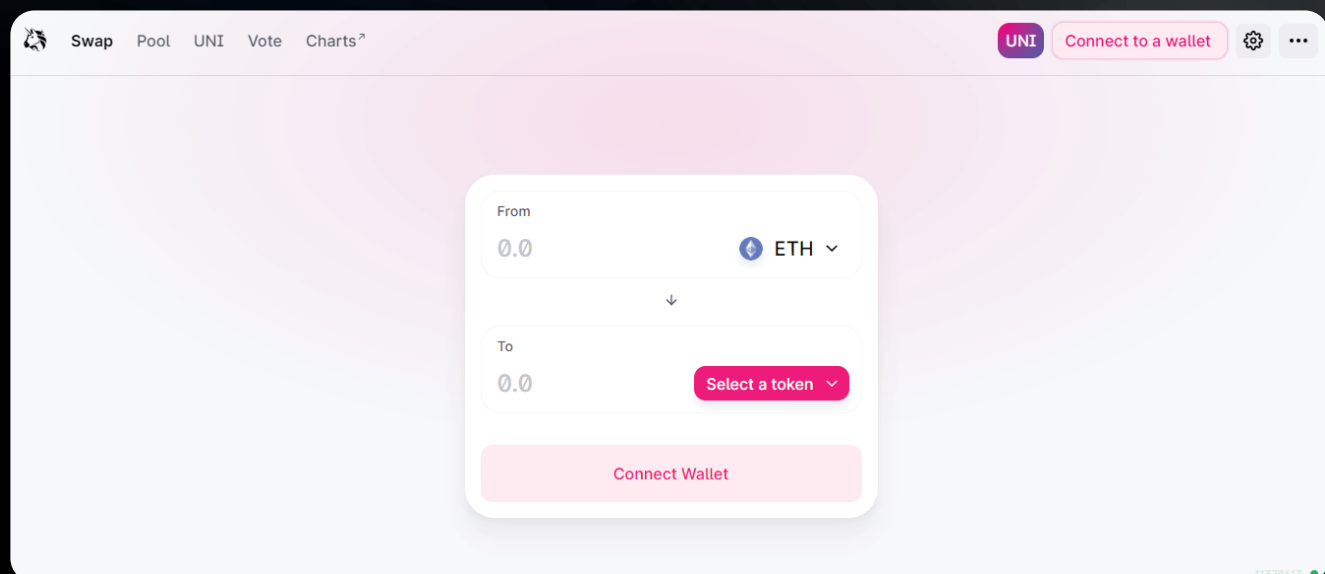


## 👉 Fund Your Wallet

Next, you need to add some cryptocurrency to your wallet. Make sure to add the native currency to the blockchain on which you are willing to trade. For example, if you want to trade any token based on the Ethereum blockchain, you should have ETH in your wallet to pay the gas fees.

## 👉 Connect to the DEX

Now is the time to find the right exchange for your trade and connect it to your wallet. There are different DeXs for different blockchains for example Uniswap and Balancer for Ethereum, Pancakeswap for the BSC, QuickSwap for MATIC, Serum for Solana, Polkaswap for Polkadot, and many others.

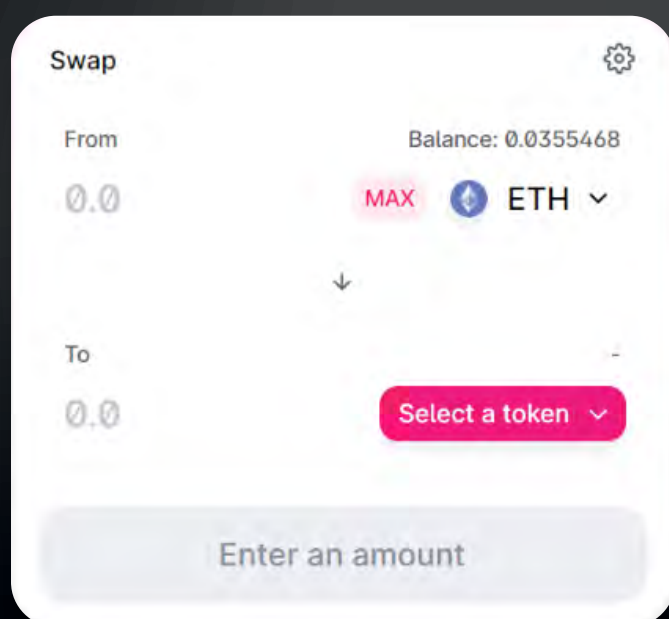


Now, visit the DEX website and connect your wallet. Click on "Connect to a Wallet" and select the wallet you're using. The site will then prompt you to approve the connection in your wallet. Follow the instructions and you would be good to go.

## 👉 Choose Tokens

In the swap interface, select the token you wish to trade and the token you wish to receive. You might need to enter the contract address of the token if it's not already listed.

However, it must be noted that having the correct address is very crucial at this stage. You will find the correct contract address of the token on its official website or any reputable crypto databases.



## 👉 Enter Amounts

Enter how much of the token you wish to trade. The DEX will show how much you'll receive in the other token, based on the current rate.

## 👉 Approve Transaction

Before you can make the swap, you'll need to approve the DEX to access the tokens in your wallet. In the wallet, you should have the currency in which you are going to pay the gas fees.

## 👉 Confirm Swap

After confirming the transaction details, click on "Swap". This transaction will also need to be approved in your wallet, and a gas fee will be deducted.

## 👉 Wait for Confirmation

Your transaction will now be processed on the blockchain. Depending on network congestion, it could take anywhere from a few seconds to several minutes.

Confirm Swap

✕

0.01

ETH

↓

41.5641

OXT

Output is estimated. You will receive at least 41.3573 OXT or the transaction will revert.

|                        |                   |   |
|------------------------|-------------------|---|
| Price                  | 4156.42 OXT / ETH | ↻ |
| Minimum received       | 41.35 OXT         |   |
| Price Impact           | <0.01%            |   |
| Liquidity Provider Fee | 0.00003 ETH       |   |

Confirm Swap

Swap

⚙️

From

Balance: 0.0518747

Waiting For Confirmation

Swapping 0.01 ETH for 41.5641 OXT

Confirm this transaction in your wallet

Minimum received

41.35 OXT

Price Impact

<0.01%

Liquidity Provider Fee

0.00003 ETH

https://app.uniswap.org

SWAP EXACT ETH FOR TOKENS

0.01

ETH

DETAILS DATA

EDIT

GAS FEE

0.007334

\$16.80

AMOUNT + GAS FEE

TOTAL

0.017334

\$39.70

Reject Confirm

## 👉 Completion

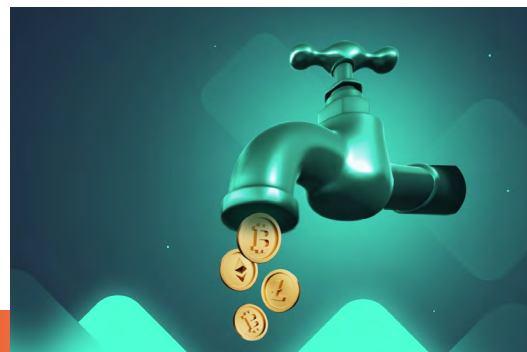
After your transaction has been confirmed on the blockchain, the swapped tokens will appear in your wallet. If you are using Metamask or Trust Wallet, you will also be notified of the details of the transaction.

# Things to Keep in Mind While Using Decentralized Exchange

Here are a few things that you should keep in mind while using decentralized exchanges. At first, these details might sound intimidating but once you get used to it, paying attention to the required details becomes your instinct.

## Liquidity

Liquidity on DeXs is based on the popularity of the DeX as well as the tokens. It can vary from time to time and it is possible that the token of your choice does not have enough liquidity on the DeX to process your transaction.



## Slippage

Slippage on a DEX refers to the difference between the expected price of a trade and the price at which the trade is executed. It's caused by market volatility and liquidity issues and is more common in trades involving large amounts or less liquid tokens.

## Gas Fees

All the transactions on the blockchain are validated by the nodes using native consensus mechanisms. The resources used to validate the transactions are compensated for the nodes by the reward that they get to add a block to the blockchain. The block reward for nodes is equally distributed amongst the users whose transactions are being executed.

Some consensus mechanisms require more resources to validate the transactions and thus require the users to pay a higher fee for the transaction.



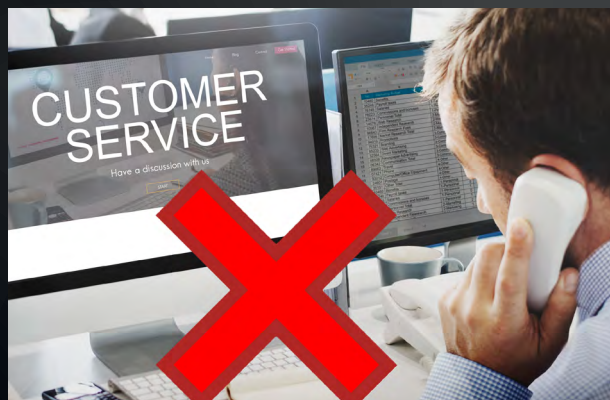
## Permanent Loss of Funds Possible

While trading at decentralized exchanges, it is also possible that you end up losing your funds permanently if private keys are lost, stolen, or mishandled. Since DEXs do not have centralized account recovery mechanisms, failure to securely store and manage private keys or send funds to incorrect addresses can result in irreversible loss of funds.



## No Customer Support

Decentralized exchanges (DEXs) typically lack customer support due to their decentralized nature, where transactions are executed directly on the blockchain. The absence of a central authority or custodian makes it challenging to provide traditional customer support services commonly found in centralized exchanges.



## Final Words

Decentralized exchanges are foundational to the core idea of blockchain and cryptocurrencies. They are the tool that enables users to execute their crypto trades with no middlemen in between. But before diving deep into the world of decentralized finance, you must understand the basics and pay to build a habit of paying close attention to details.

We hope that this guide will assist you in joining millions of other DeX users and being a part of the blockchain revolution.



# ***GABBAR*** **ARCHIVE**

**July 2023**

## BlockFi Penalty Paused: SEC Puts Investor Repayment First

The U.S. Securities and Exchange Commission (SEC) has suspended a \$30 million penalty on crypto firm BlockFi to prioritize investor repayment. This move followed BlockFi's bankruptcy proceedings due to charges related to unregistered crypto lending products. The SEC aims to ensure that investors are reimbursed before it collects its fine, illustrating a significant focus on investor protection. Amid the regulatory uncertainties of the crypto industry, this decision highlights the regulator's commitment to enforcing compliance and safeguarding investor interests. This scenario serves as a crucial reminder for market players about the importance of regulatory adherence.



## Ripple vs SEC Case Nears Conclusion, How Will It Impact Crypto Industry?

The ongoing Ripple-SEC lawsuit over whether XRP is a security or a cryptocurrency continues to pique the crypto community's interest. Recently, a lawyer's exit from Ripple's team and Ripple CEO Brad Garlinghouse's optimism sparked speculation of an imminent resolution. The outcome of the case will be critical for the crypto industry, setting regulatory precedents for the classification of cryptocurrencies. Ripple's stance is that XRP is a digital asset similar to Bitcoin or Ethereum. A favorable decision for Ripple could drive broader crypto adoption, while an adverse ruling could increase scrutiny and impact other cryptocurrencies.



## Ripple's Lawsuit Takes New Twist with Release of SEC Documents

In a recent interview, Ripple's UK and Europe Managing Director, Sendi Young, discussed Ripple's growth and optimism despite the ongoing SEC lawsuit. Young highlighted the progressive regulatory environment in Europe, specifically the MiCA legislation, which fosters business expansion. Ripple sees partnerships and dialogues with regulators as vital for industry growth and regulation compliance. The company is keen on bridging traditional finance and digital assets, leveraging the interoperability between different currencies. Despite legal battles, Ripple continues to enhance the importance of cryptocurrencies and its vision for an inclusive, efficient global financial system. Its commitment to regulatory engagement positions it well for navigating the evolving landscape.



## US Crypto Bill: Implications for SEC's Role in the Cryptocurrency Industry

The US Crypto Bill, a proposed legislation aimed at regulating the US cryptocurrency industry, might change the SEC's oversight role. The bill focuses on investor protection, market integrity, and providing regulatory clarity. Key regulations include safeguarding from scams, ensuring fair practices, stability, personal information security, clear guidelines, fostering innovation, international cooperation, and reducing illegal activities. Currently, the SEC enforces these through interventions like the case against Ripple Labs. The Crypto Bill could limit the SEC's authority over aspects like crypto securities' listing and require alterations in rules to permit broker-dealers to hold digital assets. The bill's progress is keenly watched by market participants.



## Google Bard AI Forecasts Ripple's Legal Victory: Analyzing the Impacts

Google Bard AI's recent analysis posits a potential win for Ripple in its ongoing lawsuit with the U.S. Securities and Exchange Commission (SEC). The SEC accuses Ripple of improperly selling XRP tokens as securities, a charge Ripple denies. The analysis suggests Ripple's case could set precedents for cryptocurrency regulations amidst increasing SEC scrutiny of crypto exchanges. Ripple's ongoing blockchain innovation and partnerships aim to revolutionize global payments. A win could validate Ripple's business model, boost confidence in digital assets, and promote crypto usage, potentially changing the future of digital finance. The industry keenly awaits the lawsuit's outcome due to its significant implications.





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