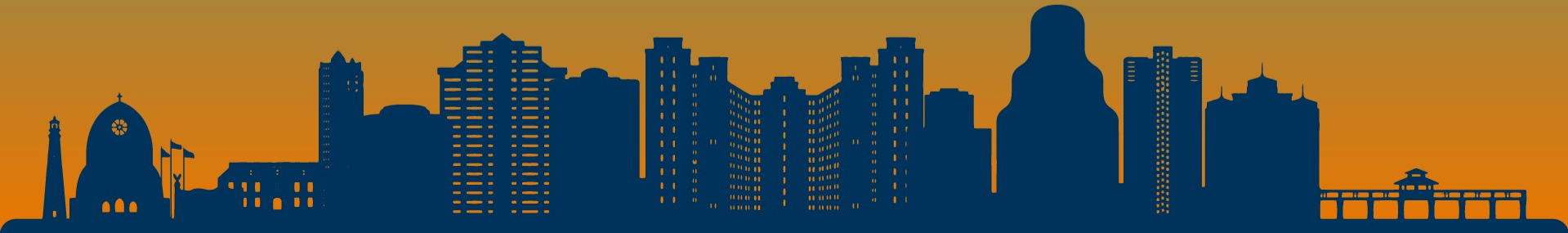


JENNIFER MACE
APRIL 18, 2024



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LEA GLOBAL EUROPEAN REGIONAL CONFERENCE



CRYPTOCURRENCY & BLOCKCHAIN 2024



AGENDA

- Key events in cryptocurrency/blockchain 2022-2024
- EU and US view of crypto currency assets/taxability
- Exploring emerging use cases and adoption across industries

BRIEF HISTORY

Bitcoin is the most well known cryptocurrency. Here is a brief history of the start to cryptocurrency.

- 2009:** Introduction of Bitcoin, virtually worthless
- 2010:** First known commercial transaction (10,000 BTC for two pizzas)
- 2013:** First major peak (~\$1,100) followed by a significant drop
- 2017:** Unprecedented surge, reaching nearly \$20,000 in December
- 2018:** Market correction, prices plummet below \$4,000
- 2020-2021:** Covid-19 pandemic and institutional adoption lead to new all-time highs above \$60,000
- 2022-2024:** Price fluctuations amid regulatory talks and global economic factors, including launch of regulated investments (ETPs).

BRIEF HISTORY

•Rise of Exchanges:

- Emergence of early exchanges (e.g., Mt. Gox, Bitstamp)
- Proliferation of exchanges during crypto booms
- Innovation in exchange features (margin trading, futures, etc.)

•High-Profile Exchange Failures:

- Mt. Gox hack and collapse (2014)
- The Bitfinex hack (2016)
- The fall of QuadrigaCX (2019)

•Regulatory Impacts:

- Crackdowns and new regulations causing shifts in exchange viability
- Geographic shifts in exchange dominance due to regulatory changes

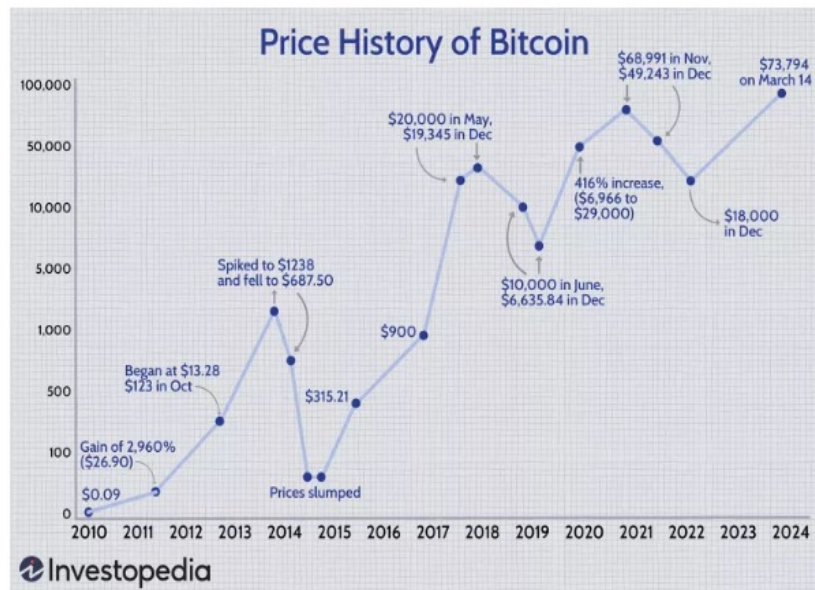
•Market Volatility:

- Correlation between exchange activity and price volatility
- Impact of exchange outages and liquidity issues on price swings
- Role of decentralized exchanges (DEXs) in the current ecosystem

WHAT PEOPLE SEE – THE RISE

- Price has risen from a low in December 2023 of \$18,000 to nearly \$75,000 per BTC
- 11 Approved Bitcoin Spot ETPs (Exchange Traded Products)
 - ARK 21Shares Bitcoin (NYSE:ARKB)
 - Bitwise Bitcoin (NYSE:BITB)
 - Blackrock's iShares Bitcoin Trust (NASDAQ:IBIT)
 - Franklin Bitcoin (NYSE:EZBC)
 - Fidelity Wise Origin Bitcoin Trust (NYSE:FBTC)
 - Grayscale Bitcoin Trust (NYSE:GBTC)
 - Hashdex Bitcoin (NYSEARCA:DEFI)
 - Invesco Galaxy Bitcoin (NYSE:BTCO)
 - VanEck Bitcoin Trust (NYSE:HODL)
 - Valkyrie Bitcoin Fund (NASDAQ:BRRR)
 - WisdomTree Bitcoin Fund (NYSE:BTCW)

Bitcoin's Price History



Investopedia / Hugo Lin

WHAT PEOPLE SEE



Who are Crypto Influencers?

- Individuals or entities that have the power to affect the decisions of others in the cryptocurrency community.
- They are often early adopters, industry leaders, or social media personalities with a large following.

Types of Crypto Influencers

- **Developers/Founders:** Vitalik Buterin (Ethereum), Charlie Lee (Litecoin)
- **Social Media Stars:** Andreas M. Antonopoulos, CZ Binance (Changpeng Zhao)
- **YouTubers and Bloggers:** Ivan on Tech, Crypto Daily
- **Analysts and Thought Leaders:** Nick Szabo, PlanB (@100trillionUSD)
- **Celebrities:** Elon Musk, Ashton Kutcher

Influence on the Market

- **Price Impact:** Influencers can cause price fluctuations with their statements or endorsements.
- **Adoption and Hype:** Influencers drive adoption and create hype around projects or trends.
- **Trust and Credibility:** Trusted influencers can lend credibility to projects and sway public opinion.
- **Information Dissemination:** Influencers play a key role in spreading information and news within the crypto space.
- **Controversies and Scams:** Influencers have been involved in promoting projects that turned out to be scams, affecting their credibility and sometimes impacting the market negatively.

WHAT PEOPLE SEE – THE FALL

- Demise of Terraform Labs (LUNA) – May 2022 and FTX – November 2022
- Sought bailout, but Binance walked away from non-U.S. business (U.S. was off the table to begin with).
- More Bankruptcy Filings
 - Core Scientific – Publicly Traded Crypto Mining
 - Genesis – Crypto Lending
- Exchange Shutdowns
 - Bittrix Global shutdown US arm
 - KuCoin exits from NY market
 - TxBit – Dutch based exchange shutdown
 - Bitfront – US/Japan exchange shutdown



EU VS US COMPARISON

EUROPEAN UNION (EU)

REGULATORY: Emphasis on harmonized regulation across member states (e.g., MiCA - Markets in Crypto-Assets) - Varies by state; federal agencies (SEC, CFTC, IRS) involved with differing viewpoints

UNITED STATES (US)

REGULATORY: Strong focus on consumer protection and AML/CFT standards- Focus on security laws and taxation, with increasing attention to consumer protection

EU VS US COMPARISON

EUROPEAN UNION (EU)

ADOPTION AND

INTEGRATION: Growing adoption with a cautious approach towards integration into the financial system

UNITED STATES (US)

ADOPTION AND

INTEGRATION: Rapid adoption with crypto viewed as both an investment and innovation opportunity

EU VS US COMPARISON

EUROPEAN UNION (EU)

CENTRAL BANK DIGITAL CURRENCY (SBDC): Digital Euro project

UNITED STATES (US)

CENTRAL BANK DIGITAL CURRENCY (SBDC): Ongoing discussions and research on a Digital Dollar, but no definitive plans

EU VS US COMPARISON

EUROPEAN UNION (EU)

INDUSTRY SENTIMENT:

Generally positive but with a careful and measured approach to innovation

Support for blockchain technology as a driver for digital and economic growth

UNITED STATES (US)

INDUSTRY SENTIMENT: Highly optimistic, with a strong culture of innovation and a startup-friendly environment

Embracing blockchain for its potential to disrupt various industries beyond finance

EU VS US KEY TAKEAWAYS

EUROPEAN UNION (EU)

The EU tends to adopt a more unified but cautious regulatory stance, with a strong focus on consumer protection and anti-money laundering efforts.

UNITED STATES (US)

The US has a more fragmented regulatory environment with both state and federal-level involvement, and shows a high level of entrepreneurial activity and investment in the crypto space.

EU TAXATION

- **Germany:** Cryptocurrency is considered private money, not currency, commodity, or stock. If you hold cryptocurrency for more than one year, any gains from selling are tax-free. If held for less than a year, gains are taxable but with a tax-free allowance of €600.
- **France:** France considers cryptocurrency as movable property, which is subject to capital gains tax. The flat tax rate for cryptocurrency gains is 30%, which includes both the income tax and social contributions.
- **Italy:** Cryptocurrency trading is subject to capital gains tax and should be reported in the annual income tax return. The tax rate is 26% on gains above a threshold of €51,645.69.
- **Spain:** In Spain, cryptocurrency is subject to capital gains tax with rates ranging from 19% to 23%. Additionally, Spanish tax laws mandate the declaration of any cryptocurrency holdings, including any gains made from trading or mining.
- **Netherlands:** The Dutch tax authority treats cryptocurrency as an asset, and it is taxed under Box 3 for savings and investments. This means that it's not the capital gains that are taxed, but a presumed return on the investment. The rates can vary depending on the total value of the assets.
- **Belgium:** In Belgium, cryptocurrencies are taxed as either professional income or miscellaneous income. For occasional transactions, the tax rate could be as high as 33% on the capital gains, while professional traders might be taxed at higher progressive income tax rates.

US TAXATION

IRS treats crypto currency as property. Nearly any activity (other than holding or purchasing with cash) can trigger a reportable event:

- Received digital assets as payment for property or services provided;
- Received digital assets resulting from a reward or award;
- Received new digital assets resulting from mining, staking and similar activities;
- Received digital assets resulting from a hard fork (a branching of a cryptocurrency's blockchain that splits a single cryptocurrency into two);
- Disposed of digital assets in exchange for property or services;
- Disposed of a digital asset in exchange or trade for another digital asset;
- Sold a digital asset; or
- Otherwise disposed of any other financial interest in a digital asset.

USE CASE EXAMPLES

- Company creating NFTs for in game use to build in game creations.
- Supply chain management in a jewelry business.
- Enable smart contract that automatically execute transactions when predetermined conditions are met.
- Grant making and tracking (US Treasury)

NFT SALES

- #1 top selling NFT in 2023
 - CryptoPunks - #5066
 - 857 ETH
 - USD Value Today - \$2,742,400
- #2 top selling NFT in 2023
 - Bored Ape Yacht Club - #7090
 - 800 ETH
 - USD Value Today - \$2,560,000



