



Your Weekend Wire

News Flow

➤ **China's central bank says Evergrande is unique and most real estate developers are stable.**

The People's Bank of China said Friday that indebted developer China Evergrande is its own case, and that most real estate businesses in the country are stable.

Property giant Evergrande has \$300 billion in liabilities and missed yet another payment to investors in U.S. dollar-denominated debt on Oct. 11. The developer ranks second in China by sales, prompting some concerns of fallout like a "Lehman Moment." Economists have noted that Evergrande's large holdings of land and physical properties set it apart from the U.S. investment bank's financial assets.

The risks posed by Evergrande are "controllable," Zou Lan, director of the People's Bank of China's financial markets department, said in Mandarin at a press conference Friday, according to a CNBC translation.

"China Evergrande Group's problems in the real estate industry are an individual phenomenon," he said, noting that property prices have remained stable. "Most real estate businesses are operating stably and have good financial indicators, and the real estate industry overall is healthy."

Real estate and related industries account for about a quarter of China's GDP, according to Moody's estimates. The central bank and other authorities held a rare meeting with Evergrande executives in late August and told the company to resolve its debt issues.

A few days later the developer warned investors of potential default. In the weeks since, there has been news of Evergrande selling parts of its business to raise cash.

Zou added Friday that authorities would protect individual consumers when it came to their house purchases and provide financial support for the resumption of construction.

Many new apartments in China are sold to consumers ahead of completion. This means that Evergrande's financial troubles and incomplete projects have left many buyers with their savings gone or large mortgages, and no clarity on when — or if — their apartments will be completed.

The central bank did not indicate Friday that major changes to monetary policy were ahead. The department head, Sun Guofeng, told reporters that the PBoC would continue to implement normal monetary policy. He added that factors like inflation were controllable.

➤ **China GDP disappoints, third-quarter growth slows to 4.9%.**

China's third-quarter GDP grew a disappointing 4.9% as industrial activity rose less than expected in September.

The National Bureau of Statistics said Monday that gross domestic product grew 4.9% in the third quarter from a year ago. That missed expectations for a 5.2% expansion, according to analysts polled by Reuters.

Industrial production rose by 3.1% in September, below the 4.5% expected by Reuters.

"Since entering the third quarter, domestic and overseas risks and challenges have increased," Fu Linghui, spokesperson for the National Bureau of Statistics, said at a press conference Monday in Mandarin, according to a CNBC translation.

The power shortage had a "certain impact" on normal production, Fu said, but he added that the economic impact "is controllable."

Many factories had to stop production in late September as a surge in the price of coal and a shortage of electricity prompted local authorities to abruptly cut off power. The central government has since emphasized it will boost coal supply and ensure the availability of electricity.

Monday's data release also showed businesses were less keen to put money into future projects.

Fixed asset investment for the first three quarters of the year came in weaker than expected, data from the National Bureau of Statistics showed. It was up 7.3% from a year ago compared to the expected 7.9% figure.

"Investment activities have been subdued as a result of the tight credit conditions," said Chaoping Zhu, global market strategist at J.P. Morgan Asset Management.

Zhu estimated that fixed asset investment declined by 2.5% in September from a year ago, primarily dragged down by a 3.5% drop in real estate investment.

Real estate and related industries account for about a quarter of China's GDP, according to Moody's estimates. In the last 18 months, Beijing has increased its efforts to reduce developers' reliance on debt.

The struggles of giant developer Evergrande came to the forefront in August, when the company warned of default and subsequently missed payments to investors in its offshore U.S. dollar-denominated debt. China's central bank said Friday that Evergrande is a unique case and that most developers had stable operations.

Sources: CNBC.com



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On Monday, the statistics bureau's Fu noted there was a slowdown in the contribution of the real estate sector to the economy in the third quarter.

But he maintained that the impact to overall growth was limited.

The latest data showed consumer spending held up, despite pockets of coronavirus-related restrictions, and a fourth-straight monthly decline in auto sales.

Retail sales beat expectations, rising 4.4% in September from a year ago. The Reuters poll had predicted 3.3% growth.

The urban unemployment rate in September was 4.9%. However, that for those aged 16 to 24 remained far higher, at 14.6%.

Ten major banks tracked by CNBC have trimmed their full year China GDP forecasts as power shortages and efforts to rein in debt-fueled expansion in the real estate sector add to many other pressures on growth, such as sluggish consumer spending.

"China's once leading growth recovery is losing momentum going into [the fourth quarter]," said Bruce Pang of China Renaissance. He pointed to several drags on growth, from sporadic virus cases to China's efforts to reduce carbon emissions.

"On the regulation side, we think the authorities will better manage the pace and intensity of the regulatory campaign in order to complete major economic and social development targets set for this year and the next 5-10 years," he said. "Officials can better communicate with the market about the motives behind the regulatory push and telegraph future regulatory hotspots, in our view."

➤ **Defaults loom over more property developers as China reassures investors on Evergrande.**

The fallout in China's property sector is showing no signs of abating, as more developers face the threat of default — even as uncertainty over the fate of heavily indebted Evergrande looms.

All eyes will be on Chinese real estate developer Sinic Holdings, which warned last week that it's not likely to repay offshore bonds worth \$250 million due on Monday. There was still no word from the developer as of noon. CNBC has reached out to the company.

On Friday, another developer, China Properties Group, said it had defaulted on \$226 million worth of notes, as it had failed to secure funds by the Oct. 15 maturity date.

They were not the first — Fantasia Holdings had failed to make a bond payment worth \$206 million in early October.

Last week, ratings agencies issued a fresh round of downgrades for Chinese real estate companies.

This week, Evergrande will officially be in default if it doesn't pay up for interest to a U.S.-dollar denominated offshore bond — the payment was due in late September but has a 30-day grace period. The company has kept silent on coupon payments for four other bonds that were due in the past few weeks.

These developments come as China's central bank said Friday that the risks posed by Evergrande are "controllable," and that most real estate businesses in the country are stable.

However, the People's Bank of China also said property firms that have issued bonds overseas — referred to as offshore bonds — should actively fulfil their debt repayment obligations.

On Sunday, the central bank's Governor Yi Gang made additional comments. He said authorities will try to prevent Evergrande's problems from spreading to other real estate firms, according to Reuters.

He also said China's economy was "doing well," but faced challenges such as default risks from "mismanagement" at certain firms, the news agency reported.

Real estate and related industries account for about a quarter of China's GDP, according to Moody's estimates.

China's property developers have grown rapidly following years of excessive debt, prompting authorities to roll out the "three red lines" policy last year. That policy places a limit on debt in relation to a firm's cash flows, assets and capital levels.

Things came to a head after the policy started to rein in developers. The world's most indebted developer, Evergrande, warned twice last month it could default.

It has since missed three interest payments for its U.S.-dollar bonds. The stock has been suspended since Oct. 4, and ratings agencies have downgraded other real estate firms on concerns about their cash flows.

Trading of Chinese real estate bonds spiked to over \$1 billion so far in October, from over \$600 million in August, according to data from electronic fixed income trading platform MarketAxess. Evergrande's 8.75% bond maturing in 2025 is currently the second-highest most traded emerging market bond on its platform, it said.

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Sources: CNBC.com



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➤ **North Korea may have fired a submarine-launched ballistic missile, South Korea says.**

North Korea on Tuesday fired an unidentified short-range ballistic missile into the East Sea, also known as the Sea of Japan, South Korea's military said.

According to NBC News, South Korea's office of the Joint Chiefs of Staff — a group of chiefs from each major branch of South Korea's armed services — said Pyongyang "fired an unidentified short-range ballistic missile." It was suspected to be a submarine-launched ballistic missile, the group said.

North Korea launched the ballistic missile from the Sinpo area in Southern Hamkyong province at around 10:17 am local time into the East Sea, according to the Joint Chiefs of Staff office. It added that officials were working to obtain more information.

"Currently, South Korean military is working closely with the U.S. in case North Korea launch additional fires and are also maintaining military preparedness while closely monitoring North Korean movements," the Joint Chiefs of Staff office said.

South Korea's national security council will be meeting to discuss the matter, NBC News reported.

Last month, reports said South Korea also successfully tested a submarine-launched ballistic missile as it became the first country without nuclear weapons to develop such a system.

Separately, Japanese Prime Minister Fumio Kishida said Pyongyang fired two ballistic missiles and slammed North Korea's repeated provocations as "extremely regrettable," according to NBC News.

Officials said Japan was analyzing the situation and so far, there have been no reports of planes or vessels in the region being affected by the launch. Asked about the discrepancy between Japan and South Korea over the number of missiles that North Korea fired, Defense Minister Nobuo Kishi said, "We believe there were two."

Japan's coast guard issued a maritime safety advisory to ships but did not immediately know where the weapon landed, the Associated Press reported.

North Korea's latest missile launch comes after media reports said President Joe Biden's special envoy for North Korea, Sung Kim, is scheduled to be in Seoul to meet American allies about potentially reviving talks with North Korea.

For its part, Pyongyang has stepped up its weapons testing in recent weeks.

Last month, North Korea's state media reportedly said Pyongyang carried out successful tests of a new long-range cruise missile. Days later, it launched ballistic missiles off its east coast, a move condemned by neighboring Japan.

Nuclear negotiations between North Korea and the United States made some initial progress under the Trump administration.

But talks broke down almost two years ago when Washington refused to grant sanctions relief in exchange for Pyongyang's dismantling of nuclear weapons and long-range missiles.

Earlier this year, a top North Korean official said Pyongyang will not respond to numerous invitations to restart nuclear discussions until the U.S. dropped its "hostile policies."

➤ **Carl Icahn says the market over the long run will certainly 'hit the wall' because of money printing.**

Longtime activist investor Carl Icahn said Monday that the U.S. markets could see major challenges over the long term in the face of excessive money supply and rising inflation.

"In the long run we are certainly going to hit the wall," Icahn said Monday on CNBC's "Fast Money Halftime Report." "I really think there will be a crisis the way we are going, the way we are printing money, the way we are going into inflation. If you look around you, you see inflation all around you and I don't know how you deal with that in the long term."

The Federal Reserve and Congress have unleashed trillions of dollars in stimulus to rescue the economy from the Covid-19 pandemic. The central bank's balance sheet swelled by more than \$3 trillion amid its open-ended quantitative easing program, while the government has allocated over \$5 trillion in stimulus to support Americans through the health crisis.

Icahn was adamant about not making a market timing call, but he believes one day over the long term the markets will pay the price for these policies.

On the back of these unprecedented stimulus programs, the S&P 500 has rapidly wiped out the pandemic-induced losses and rebounded to a new high. The equity benchmark is up more than 19% in 2021, sitting just 1.4% below its all-time high reached early September.

The massive money supply has partly contributed to rising price pressures in the economy. Inflation ran at a fresh 30-year high in August amid supply chain disruptions and extraordinarily strong demand.

Sources: CNBC.com



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The core personal consumption expenditures price index, which excludes food and energy costs and is the Fed's preferred measure of inflation, increased 0.3% for the month and was up 3.6% from a year ago.

➤ **'We will not be intimidated': EU and Poland clash over funding and the rule of law.**

EU and Polish officials on Tuesday clashed over a recent court ruling, making public a bitter disagreement over the rule of law and the fundamental principles of the political and economic union.

Earlier this month, Poland's highest court ruled that parts of EU law are in direct conflict with its own constitution — in essence challenging the foundations of the EU in a way that has never been done before.

This comes at a time when the EU is dealing with a severe energy crisis, trade disputes and a soul-searching exercise over defense and security policies.

"We have been concerned about the independence of the [Polish] judiciary for some time," European Commission President Ursula von der Leyen told the European Parliament Tuesday, adding that "unfortunately the situation has worsened."

Von der Leyen, who now needs to decide what course of action to take, said she is "deeply concerned" about the situation in Poland.

Polish Prime Minister Mateusz Morawiecki didn't back down. Addressing the same European Parliament straight after Von der Leyen, he said his country "will not be intimidated," according to Reuters. He added that the highest law in his country is its constitution.

The European Union was built on the principle that member states follow a common rulebook, even though they retain the final say in some policy areas. This means, for example, that an EU country is free to decide its own fiscal policy, but it's supposed to have a public debt and deficit in line with EU rules.

"We cannot and we will not allow our common values to be put at risk. The Commission will act," Von der Leyen said. The Commission can now legally challenge the decision of the Polish high court, or it can impose financial penalties.

"We must protect the Union budget against breaches of the rule of law," she added.

Poland is due to receive coronavirus recovery funds from the EU worth about 30 billion euros (\$34 billion) to deal with the impacts of the pandemic. This money is unlikely to be disbursed any time soon with the current bad blood.

Questions over Poland's commitment to the EU resurfaced in the wake of the court ruling.

France's European Affairs Minister Clément Beaune said earlier this month that the decision out of Poland was "very serious" and adds to the risk of a possible exit from the bloc.

The Polish people, however, are predominately in favor of the EU. Eighty-seven percent of citizens said in November that their country should remain a member of the EU, according to one poll.

The government, led by the conservative Law and Justice party, said it wants the country's membership of the EU to be a "win-win" situation. More broadly, there are concerns about what the ramifications of this court ruling will be.

Meanwhile, Hungary's Prime Minister Viktor Orban has said that he backs the ruling of the Polish court. That country has also been at odds with the European Commission over the rule of law.

➤ **UN watchdog warns of damaged ability to monitor Iran's nuclear activity.**

Fragile measures to monitor Iran's nuclear activity that were established by the U.N.'s atomic energy watchdog are becoming undone; its director-general has warned.

"Stop-gap" measures agreed to in February to prevent the total disintegration of a monitoring deal between Tehran and the International Atomic Energy Agency are no longer "intact," IAEA chief Rafael Grossi said in an interview with the Financial Times published Tuesday. Specifically, Iran is no longer allowing surveillance cameras to record at its Tesa Karaj facility west of Tehran, which manufactures centrifuge parts.

Grossi said he urgently needed to speak to Iran's new foreign minister to revive this aspect of the agreement — an agreement which is seen as vital to propping up the beleaguered 2015 Iranian nuclear deal and enabling continued negotiations between Tehran and the West.

"I haven't been able to talk to [Iran's] foreign minister," Grossi told the Financial Times. "I need to have this contact at the political level. This is indispensable. Without it, we cannot understand each other."

Indirect talks between the Biden administration and Iran and mediated by foreign intermediaries have stalled since the June election of Iranian President Ebrahim Raisi, who is vocally anti-Western and has called U.S. sanctions "crimes against humanity."

Sources: CNBC.com



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Spearheaded by the Obama administration and known formally as the JCPOA (Joint Comprehensive Plan of Action), the nuclear deal signed between Iran, the U.S., China, Russia and several European powers in 2015 lifted sanctions on Iran in exchange for curbs to its nuclear program. It has steadily disintegrated since former President Donald Trump abandoned the deal in 2018, reimposing heavy sanctions that crippled Iran's economy and subsequently led Iran to make gradual violations of the deal like enriching more uranium and at a higher level than allowed under the agreement.

Now, Grossi says that Iran is "within a few months" of having enough material to build a nuclear bomb, though he has not suggested the country will use it for that purpose. Tehran maintains that its program is only for peaceful applications.

This breakout time, Grossi said, "is becoming shorter and shorter," saying that he wanted surveillance cameras to be reinstalled at Tesa Karaj "yesterday."

The IAEA managed to secure a last-minute agreement in February with Iranian authorities to allow its monitoring of key nuclear facilities to continue, though it gave their inspectors less access. The stop-gap deal was reached just before the expiration of a deadline set by Tehran that could have seen nuclear inspectors expelled from the country. It was spurred on by emergency talks that took place in Tehran after Iran said that nuclear inspections would be suspended unless it gets urgent sanctions relief.

That relief is still yet to come, but many analysts believe that Iran still favors a return to the deal as it is desperate for sanctions relief and will not achieve that without U.S. approval.

The State Department said Monday that it wanted negotiations to restart "as soon as possible," adding that the White House had "made clear that if diplomacy fails, we are prepared to turn to other options." It did not elaborate on what those other options were.

Iran's steady reduction of compliance to the JCPOA has included increasing uranium stockpiling and enrichment levels far beyond the parameters set out in the JCPOA and to a level that many in the international community say is alarming.

Tehran insists that its moves are within its sovereign rights and that they can be reversed if the U.S. lifts sanctions. Meanwhile, the Biden administration says it is ready to return to the negotiating table but will only lift sanctions if Iran reverses its JCPOA breaches first.

Raisi said on Iranian TV this week that he was "serious" about returning to the negotiations. But he added that "[Talks] . . . must bear results for the Islamic republic. The readiness of the other parties for lifting of sanctions can be regarded as a sign of their seriousness."

➤ **China Evergrande shares plunge 12.5%, after \$2.6 billion asset sale falls through.**

China Evergrande shares dropped 12.5% on Thursday, after a deal to sell some of its assets to Hopson Development Holdings fell through. Hopson shares closed nearly 7.6% higher, while Evergrande Property Services shares fell 8%.

Heavily indebted Evergrande was in talks earlier this month to sell part of its services unit to Hopson, its smaller rival. However, Hopson announced late Wednesday that talks fell through to purchase a 50.1% stake in Evergrande Property Services. Evergrande confirmed the termination of the deal in a separate filing.

The deal would have been worth 20.04 billion Hong Kong dollars (\$2.58 billion), according to filings.

Evergrande is China's second-largest developer by sales and the industry's largest issuer of offshore bonds, with a total of about \$300 billion in liabilities. Worries about the company's ability to repay its debt have raised concerns of spillover into China's real estate market, which — along with related industries —accounts for about a quarter of national GDP.

Trading in the three stocks resumed Thursday, more than two weeks after the companies had halted trading ahead of a "major transaction."

The collapse of the Hopson deal comes as Evergrande nears the end of a 30-day grace period for a closely watched \$83 million interest payment to investors in an offshore U.S. dollar-denominated bond. If the developer fails to pay by Saturday, it will technically default.

Evergrande said late Wednesday that since selling its \$1.5 billion stake in Shengjing Bank in late September, "there has been no material progress on sale of assets of the Group."

Last week, Reuters reported, citing sources, that Chinese state-owned Yuexiu Property has dropped a \$1.7 billion deal to buy Evergrande's Hong Kong headquarters building.

Both companies did not immediately respond to a CNBC request for comment.

Evergrande's high reliance on debt to expand rapidly came under greater government scrutiny last year, with the rollout of "three red lines" policy for real estate companies to reduce the ratio of their debt to their assets.

Sources: CNBC.com



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China Evergrande had violated all three red lines as of the first half of this year, while Hopson and Yuexiu hadn't crossed any of those lines, according to Natixis.

Evergrande said that as of Oct. 20, the company's contracted property sales from the beginning of September totaled 3.65 billion yuan (\$571.1 million).

That's 90% lower than in August, when contracted property sales totaled 38.08 billion yuan.

Year-to-date contracted sales of properties through Oct. 20 was 442.3 billion yuan, Evergrande said.

China has sought to allay fears of contagion, which spooked global markets earlier.

Since Friday, the People's Bank of China has said more than once that Evergrande is an individual, controllable case.

Most recently, central bank governor Yi Gang said Wednesday that the first measure of response is to prevent Evergrande's risks from spreading to other real estate companies.

Vice Premier Liu He said at a financial forum Wednesday that individual problems have appeared in the real estate market, and that reasonable funding needs are being met. Liu did not mention Evergrande by name.

➤ **Big-name U.S. tech investors are moving in on Europe in increasing numbers.**

A growing number of renowned U.S. tech investors are moving to Europe to capitalize on the continent's start-ups.

It comes after several European tech companies saw their valuations sky-rocket during the coronavirus pandemic. Online events platform Hopin saw its valuation soar to \$7.75 billion within two years of its incorporation, while buy-now-pay-later firm Klarna was most recently valued at \$46 billion.

U.S. venture firms are flying staff out to Europe and hiring people already on the ground in the region as they look to find the next Spotify or the next ASML, a Dutch semiconductor firm whose market value has grown to \$331 billion amid the global chip crunch.

Veteran investor Alex Ferrara, a partner at Bessemer Venture Partners, which has backed companies like LinkedIn and Pinterest, moved from New York to London in September, according to a venture capitalist familiar with the matter who asked to remain anonymous due to the sensitive nature of the discussion. Ferrara did not immediately respond to a CNBC request for comment.

Also last month, Silicon Valley venture firm Lightspeed Ventures, which has invested in Snap and Epic Games, hired Paul Murphy and Ross Mason to lead the company's push into Europe.

London-based Murphy was one of the first investors in London-based Hopin, while Geneva-based Mason was the co-founder of MuleSoft, which was acquired by Salesforce in March 2018 for \$6.5 billion.

In London, Lightspeed has also hired Adrian Radu, a former associate at investment bank Qatalyst Partners, according to LinkedIn. The trio join Lightspeed partner Rytis Vitkauskas, who has been based in London since Sept. 2019.

Elsewhere, General Catalyst, an investor in Airbnb and Stripe, hired London-based Chris Bischoff as a managing director in May and Juliet Bailin as a principal in June, according to LinkedIn.

While Europe still lacks a tech behemoth like Apple or Amazon, it is home to an increasing number of tech companies worth tens and even hundreds of billions of dollars and some believe it's only a matter of time before Europe creates a tech firm on the same scale as the behemoths in the U.S. and Asia.

"The consensus has morphed from believing Europe is a doomed tech backwater, to Europe has emerged as a real global player with multiple category owning companies," London-based investor Hussein Kanji told CNBC, pointing to Spotify, Klarna, Revolut and Darktrace.

"Everyone who matters is opening up shop in London (surprisingly the big European winner despite not being in the European Union anymore) or looking at European deals," said Kanji, who is a partner at Hoxton Ventures.

"It's great for the ecosystem because 3/4 of the winning companies in Europe raise from U.S. funds anyway," he added. "It just makes you think if European tech will be dominated by risk-seeking Americans, much the same way global investment banking and the City of London is dominated largely by U.S. firms."

Sequoia, perhaps the best-known venture capital firm in the world, announced a move to London last year, with veteran partner Matt Miller moving from San Francisco to the U.K. capital.

The investment firm, which backed Apple and Google in their early days, now has an office in Marylebone with four partners and one talent director based there.

Source: Refinitiv



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Sequoia has backed more than 10 companies in Europe since opening the London office. However, Sequoia's total investments on the continent are substantially higher as it has been investing in Europe for over a decade, backing the likes of Bristol-based AI chipmaker Graphcore and Stockholm-based Klarna along the way.

"Being physically on the ground ... enables us to move more quickly ... and to dramatically level up the effort," Miller told CNBC last year. "I was coming [to London] one week a month but you can only see and do so much. We felt that being on the ground would make a material difference in our ability to find opportunities earlier."

Elsewhere, New York hedge fund Coatue Management confirmed this month that it is planning to set up an office in Europe.

Coatue Ventures Chairman Dan Rose told CNBC that the European office will be opened at some point soon without specifying where it will be.

"We believe Europe is emerging as an important innovation hub in both the public and private markets, as evidenced by the increase in venture capital activity across the continent," said Rose, who was previously an executive at Facebook and Amazon.

Not every U.S. tech investor is rushing to hire people in Europe just yet however. Andreessen Horowitz, for example, still doesn't have any investors on the ground in Europe.

"They've done five deals in the U.K. and Europe in last 12 months with a decent amount [of capital] but they're still not ready [to expand in Europe]," said the CNBC source.

Andreessen's hesitancy could be down to the fact that there's still plenty of opportunities in the U.S. or it may be because things don't always go to plan when U.S. investors expand in Europe. A spokesperson for the firm wasn't immediately available for comment when contacted by CNBC.

Google Ventures (now GV) launched a dedicated Europe operation in 2015 with five partners based out of London. Things didn't go to plan though, and the European fund was ditched after the California headquarters reportedly turned down "a lot" of the London partners' investment ideas.

GV still invests in Europe, but it now uses a global fund instead of a dedicated European one, and the company has gone from having five partners in London to just two.

➤ **China Evergrande set to avert default as property developer reportedly pays off bond interest.**

Evergrande has remitted the funds for a key interest payment that was due Sept. 23 — ahead of a 30-day grace period that ends Saturday, Chinese state media Securities Times said Friday.

That will allow the indebted Chinese property developer to stave off a widely-expected default.

Shares of Evergrande popped more than 4% on that news.

The \$83.5 interest payment that was due Sept. 23 on Evergrande's March 2022 offshore bond has been closely watched since the heavily indebted property developer warned twice in September that it may default. Although the company missed the Sept. 23 deadline, it has a 30-day grace period before formally defaulting. U.S. dollar bonds are largely held by foreign investors.

The Securities Times report said Evergrande plans to make the interest payment in time for the Oct. 23 deadline, and that the embattled property developer had remitted the \$83.5 million through Citibank. The bank declined CNBC's request for comment.

The world's most indebted property developer is buckling under the weight of more than \$300 billion in debt and has been struggling to raise funds to pay suppliers and investors.

CNBC has reached out to Evergrande for comment. Evergrande missed four other coupon payments in September and October. There are other interest payments on its U.S. dollar bonds due in November and December.

In total, Evergrande has missed payments of at least \$279 million since last month, according to Reuters —this figure would include the Sept. 23 payment.

Jim Veneau, head of Asian fixed income at AXA Investment Managers, called the latest development on Evergrande a "surprise."

"It's definitely a surprise, but a positive surprise," Veneau told CNBC's "Street Signs Asia" following the news. "The key with Evergrande's payment this morning is, at least it shows a willingness to make the payment."

But he added: "I wouldn't call it a game changer, it's more like a hopefully momentum changer."

Source: Refinitiv



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Worries over its huge debt have roiled global markets, amid concerns about a potential spillover into the rest of China's real estate industry or economy.

Markets had widely expected Evergrande to default on the interest payments, as analysts said domestic investors would be prioritized over foreign investors.

However, last week, China's central bank said property firms that have issued bonds overseas — referred to as offshore bonds — should actively fulfil their debt repayment obligations.

But Evergrande encountered a setback this week, when a deal to sell off some of its assets and bring in much-needed funds fell through.

It was in talks earlier this month to sell a 50.1% stake in Evergrande Property Services, its services unit, to a smaller rival Hopson Development Holdings. But Hopson announced Wednesday that the deal — which would have been worth 20.04 billion Hong Kong dollars (\$2.58 billion) — fell through.

Debt problems in China's real estate sector has spread beyond Evergrande, said Veneau of AXA Investment Managers. He pointed to defaults by other Chinese property developers Fantasia and Modernland.

"So, with those two events, the market then had some serious considerations over whether all of the weak companies would — even if they were showing high cash to short term debt (ratio) — would they make their coupon payments, would they repay their maturities," he said. "So that's the question that had been put into doubt."

More developers have been facing the threat of default, with ratings agencies issuing a series of downgrades on property firms in China.

Evergrande's problems came to a head after the authorities rolled out the "three red lines" policy last year. That policy places a limit on debt in relation to a firm's cash flows, assets and capital levels. That started to rein in developers after years of growth fueled by excessive debt. In the last few years, Chinese developers have increasingly taken on debt, particularly in overseas markets.

Between 2016 and 2020, the industry's value of offshore U.S. dollar bonds grew by 900 billion yuan (\$139.75 billion) — nearly two times the growth of 500 billion yuan in onshore yuan bonds, according to Nomura.

Evergrande was by far the leader in overseas debt issuance, accounting for six of the 10 largest offshore U.S. dollar-denominated bond deals by Chinese real estate companies between 2016 and 2021, according to Dealogic.

As of the first half of this year, Evergrande held 19% of U.S. dollar-denominated high yield bonds among Chinese real estate companies — the largest share, worth \$19.24 billion, according to Natixis.

Source: Refinitiv



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The week ahead

Date	Time	Country	Indicator Name	Period	Reuters Poll	Prior	SmartEstimate®	Predicted Surprise
25.10.2021	10:00	Germany	Ifo Business Climate New	Oct		98.8		
25.10.2021	10:00	Germany	Ifo Curr Conditions New	Oct		100.4		
25.10.2021	10:00	Germany	Ifo Expectations New	Oct		97.3		
25.10.2021	15:00	Belgium	Leading Indicator	Oct		4.0		

Date	Time	Country	Indicator Name	Period	Reuters Poll	Prior	SmartEstimate®	Predicted Surprise
26.10.2021	12:00	United Kingdom	CBI Distributive Trades	Oct		11		
26.10.2021	15:00	United States	CaseShiller 20 MM SA	Aug		1.5%		
26.10.2021	15:00	United States	CaseShiller 20 YY	Aug		19.9%		
26.10.2021	16:00	United States	Consumer Confidence	Oct	110.0	109.3	109.69	-0.31
26.10.2021	16:00	United States	New Home Sales-Units	Sep	0.763M	0.740M	0.7645M	0.0015M

Date	Time	Country	Indicator Name	Period	Reuters Poll	Prior	SmartEstimate®	Predicted Surprise
27.10.2021	08:00	Germany	GfK Consumer Sentiment	Nov		0.3		
27.10.2021	08:45	France	Consumer Confidence	Oct		102		
27.10.2021	08:45	France	Producer Prices MM	Sep		1.0%		
27.10.2021	14:30	United States	Durable Goods	Sep	-0.2%	1.8%	-0.51%	-0.31%
27.10.2021	14:30	United States	Durables Ex-Transport	Sep	0.4%	0.3%	0.24%	-0.16%
27.10.2021	16:00	Canada	BoC Rate Decision	27 Oct		0.25%		

Source: Refinitiv



Your Weekend Wire

The week ahead

Date	Time	Country	Indicator Name	Period	Reuters Poll	Prior	SmartEstimate®	Predicted Surprise
28.10.2021	01:50	Japan	Retail Sales YY	Sep		-3.2%		
28.10.2021	08:00	United Kingdom	Nationwide house price mm	Oct		0.1%		
28.10.2021	08:00	United Kingdom	Nationwide house price yy	Oct		10.0%		
28.10.2021	09:00	Sweden	Overall Sentiment	Oct		119.9		
28.10.2021	09:00	Sweden	Consumer Confidence SA	Oct		107.3		
28.10.2021	09:30	Sweden	GDP QQ Prelim	Q3		0.9%		
28.10.2021	09:30	Sweden	GDP YY Prelim	Q3		9.7%		
28.10.2021	09:30	Sweden	Retail Sales MM	Sep		0.7%		
28.10.2021	09:30	Sweden	Retail Sales YY	Sep		6.6%		
28.10.2021	09:55	Germany	Unemployment Chg SA	Oct		-30k		
28.10.2021	09:55	Germany	Unemployment Rate SA	Oct		5.5%		
28.10.2021	10:00	Italy	Consumer Confidence	Oct		119.6		
28.10.2021	12:00	Belgium	GDP QQ	Q3		1.7%		
28.10.2021	12:00	Italy	Producer Prices YY	Sep		11.6%		
28.10.2021	14:00	Germany	CPI Prelim MM	Oct		0.0%		
28.10.2021	14:00	Germany	CPI Prelim YY	Oct		4.1%		
28.10.2021	14:00	Germany	HICP Prelim MM	Oct		0.3%		
28.10.2021	14:00	Germany	HICP Prelim YY	Oct		4.1%		
28.10.2021	14:30	United States	GDP Advance	Q3	3.2%	6.7%	3.35%	0.15%
28.10.2021	14:30	United States	Core PCE Prices Advance	Q3		6.1%		
28.10.2021	14:30	United States	Initial Jobless Clm	18 Oct, w/e				
28.10.2021	14:30	United States	Cont Jobless Clm	11 Oct, w/e				
28.10.2021	16:00	United States	Pending Sales Change MM	Sep		8.1%		
28.10.2021		Japan	JP BOJ Rate Decision	28 Oct		-0.10%		

Sources: Refinitiv

Your Weekend Wire

The week ahead



Date	Time	Country	Indicator Name	Period	Reuters Poll	Prior	SmartEstimate®	Predicted Surprise
29.10.2021	01:30	Japan	CPI Tokyo Ex fresh food YY	Oct		0.1%		
29.10.2021	01:30	Japan	CPI, Overall Tokyo	Oct		0.3%		
29.10.2021	01:30	Japan	Jobs/Applicants Ratio	Sep		1.14		
29.10.2021	01:30	Japan	Unemployment Rate	Sep		2.8%		
29.10.2021	01:50	Japan	Industrial O/P Prelim MM SA	Sep		-3.6%		
29.10.2021	07:00	Japan	Housing Starts YY	Sep		7.5%		
29.10.2021	07:30	France	Consumer Spending MM	Sep		1.0%		
29.10.2021	07:30	France	GDP Preliminary QQ	Q3		1.1%		
29.10.2021	08:00	Germany	Import Prices MM	Sep		1.4%		
29.10.2021	08:00	Germany	Import Prices YY	Sep		16.5%		
29.10.2021	08:45	France	CPI (EU Norm) Prelim YY	Oct		2.7%		
29.10.2021	09:00	Germany	GDP Flash QQ SA	Q3		1.6%		
29.10.2021	09:00	Germany	GDP Flash YY NSA	Q3		9.8%		
29.10.2021	09:00	Switzerland	KOF Indicator	Oct		110.6		
29.10.2021	09:00	Switzerland	Official Reserves Assets CHF	Sep	998 469.13M			
29.10.2021	10:00	Italy	GDP Prelim QQ	Q3		2.7%		
29.10.2021	10:00	Italy	GDP Prelim YY	Q3		17.3%		
29.10.2021	10:30	United Kingdom	BOE Consumer Credit	Sep		0.400B		
29.10.2021	10:30	United Kingdom	Mortgage Lending	Sep		5.293B		
29.10.2021	11:00	Italy	Consumer Price Prelim MM	Oct		-0.2%		
29.10.2021	11:00	Italy	Consumer Price Prelim YY	Oct		2.5%		
29.10.2021	11:00	Italy	CPI (EU Norm) Prelim MM	Oct		1.3%		
29.10.2021	11:00	Italy	CPI (EU Norm) Prelim YY	Oct		2.9%		
29.10.2021	14:30	United States	Personal Income MM	Sep	0.3%	0.2%	0.06%	-0.24%
29.10.2021	14:30	United States	Personal Consump Real MM	Sep		0.4%		
29.10.2021	14:30	United States	Consumption, Adjusted MM	Sep	0.6%	0.8%	0.59%	-0.01%
29.10.2021	14:30	United States	Core PCE Price Index MM	Sep	0.2%	0.3%	0.16%	-0.04%
29.10.2021	14:30	Canada	GDP MM	Aug		-0.1%		
29.10.2021	14:30	Canada	Producer Prices MM	Sep		-0.3%		
29.10.2021	14:30	United States	Employment Costs	Q3	0.9%	0.7%	0.84%	-0.06%
29.10.2021	15:45	United States	Chicago PMI	Oct	64.6	64.7	64.78	0.18
29.10.2021	16:00	United States	U Mich Sentiment Final	Oct	71.5	71.4	71.47	-0.03

Sources: Refinitiv

Your Weekend Wire Figures

Currencies

EURUSD	1.1648	Weekly Change
Week Low	Week High	
1.1572	1.1669	0.45%

GBPUSD	1.3775	Weekly Change
Week Low	Week High	
1.371	1.3834	0.19%

EURCHF	1.0666	Weekly Change
Week Low	Week High	
1.0659	1.0765	-0.40%

AUDUSD	0.7491	Weekly Change
Week Low	Week High	
0.7380	0.7546	0.94%

USDCHF	0.9154	Weekly Change
Week Low	Week High	
0.9152	0.9272	-0.90%

USDCAD	1.2349	Weekly Change
Week Low	Week High	
1.2289	1.2409	-0.14%

USDTRY	9.6162	Weekly Change
Week Low	Week High	
9.2066	9.6581	3.89%

EURGBP	0.8454	Weekly Change
Week Low	Week High	
0.8422	0.8463	0.23%

Indices and Commodities

Eurostoxx 50	4 200.12
Week Change	YTD
-0.32%	16.34%

Gold	1812.32
Week Change	YTD
2.53%	-4.54%

SMI	12 068.01
Week Change	YTD
0.65%	12.48%

WTI	82.6700
Week Change	YTD
0.08%	73.60%

S&P 500	4 551.67
Week Change	YTD
1.75%	21.13%

US 10Y Yield	1.5615
Week bp Change	YTD bp Change
9.40	72.5

VIX	14.99
Week Change	YTD
-7.91%	-34.02%

EU 10Y Yield	-0.0950
Week bp Change	YTD bp Change
7.50	42.05

Sources: Bloomberg/Refinitiv



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Your CRYPTO Weekend Wire

Crypto Market Cap: \$2,579,497,054,947

Dominance*: BTC: 45.9% ETH: 18.9%

*: Split of crypto usage within the global crypto market cap.

News Flow

➤ **The SEC is poised to allow the first bitcoin futures ETFs to begin trading.**

The Securities and Exchange Commission is set to allow the first U.S. bitcoin futures exchange-traded funds to start trading next week, a landmark victory for a cryptocurrency industry that has long sought permissions from Wall Street's top regulator, according to a person familiar with the matter.

Specifically, the person said the SEC isn't likely to block the ETFs proposed by ProShares and Invesco, which are based on futures contracts and were filed under mutual fund guidelines that SEC Chairman Gary Gensler thinks offer investors significant protection.

The person familiar with the SEC's decision-making asked not to be named since the discussions are private and pending.

An SEC spokesperson did not respond to CNBC's request for comment. Representatives for Invesco and ProShares also did not immediately answer emails seeking comment.

Bitcoin traded north of \$60,000 on Friday, its highest level since April 17, in part on speculation the SEC would greenlight the ETFs. The world's largest cryptocurrency by market value is up nearly 40% in October alone and is approaching its record high of \$64,869 set earlier this year.

The fund launch will mark the conclusion of a years long crusade by the almost \$7 trillion ETF industry to persuade the SEC to research and sanction an ETF related to the popular cryptocurrency.

However, the ProShares and Invesco funds will offer investors indirect ways to invest in bitcoin. The ETFs are based on bitcoin futures that already trade on the Chicago Mercantile Exchange. Bloomberg News first reported that the SEC is set to allow the bitcoin futures ETFs to begin trading.

Many others are eager for a pure-play ETF backed by physical bitcoins, though a decision on those funds is not expected for months. Investors say those direct funds circumvent the high cost of rolling into futures contracts, which don't adequately track the spot price of bitcoin.

The SEC for much of the past decade argued that volatility and fraud throughout the crypto space made ETFs and other such funds too risky to approve. Gensler, who before joining the SEC taught courses on cryptocurrencies from the Massachusetts Institute of Technology, has expressed concern that bad actors could exert significant pressure on prices or limit an asset's liquidity.

He told the Senate Banking Committee in September that he and his team are trying to protect investors through better regulation of the thousands of new digital assets and coins, as well as oversight of the more-familiar bitcoin and ether markets.

"Currently, we just don't have enough investor protection in crypto finance, issuance, trading, or lending," Gensler said in prepared remarks last month. "Frankly, at this time, it's more like the Wild West or the old world of 'buyer beware' that existed before the securities laws were enacted."

Wall Street's top regulator has also questioned whether crypto assets can be kept safe from hackers and if there would be future issues validating ownership of coins.

Still, Gensler's addition to the SEC was heralded by many traders as forward progress given his prior work building out the Commodity Futures Trading Commission in the Obama administration. While there, Gensler helped devise and institute a new oversight regime for the swaps market that had been largely unregulated prior to the financial crisis.

➤ **Bitcoin Futures ETFs May Boost Cash and Carry Yields.**

Several bitcoin futures-based exchange-traded funds (ETF) may debut in the U.S. in the coming weeks. These products may revive interest in the famed "cash and carry" arbitrage strategy, which in turn would bring more buying pressure to the spot market.

The ETFs would buy bitcoin futures contracts, primarily front-month trading on a regulated venue like the Chicago Mercantile Exchange (CME), in a bid to mimic the cryptocurrency's price performance instead of purchasing actual coins.

Assuming Wall Street embraces these ETFs, the futures premium, or the spread between futures prices and spot prices, would rise significantly, boosting yields from cash and carry strategy, which involves buying the asset in the spot market and simultaneously selling futures contracts. Carry trades are direction-neutral and profit from an eventual convergence of the two prices. (Futures price converges with the spot price on expiry).

Sources: Bloomberg/Refinitiv/cnbc.com



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News Flow

"If the futures ETF comes out, there will be more inflows into buying futures. That would drive the futures curve further into contango [a situation where the futures contracts trade at a premium to the spot price], offering a strong incentive to carry traders," said Ilan Solot, global market strategist at Brown Brothers Harriman. "They would start the trade by buying BTC in the spot market, creating an initial push up in spot prices."

Cash and carry arbitrage was a big hit among institutions early this year as futures premium spiked to 20% or more on the CME and other exchanges alongside bitcoin's price rise. So, several firms could lock in annualized returns of over 20% by selling front month or three-month futures contracts and buying the cryptocurrency in the spot market. Premiums, however, fell to single digits following bitcoin's 35% sell-off in May and as major exchanges like Binance and FTX cut back on leverage.

Premiums have risen sharply this month with the return of the bull to the crypto market. On the CME, the front-month contract is currently trading at an annualized premium of 16% versus a discount of -0.4% at the end of September, according to data provided by the crypto derivatives research firm Skew. With futures-based ETFs likely coming soon, double-digit futures premiums appear sustainable.

"One key effect of a futures-based ETF is the possible increase in yield in the space," QCP Capital said in its Telegram channel on Friday. "With the ETF funds forced to buy futures instead of spot, the futures premium would be driven higher. A 'risk-free' rate [cash and carry yield] of 10-20% could be the new norm."

On Friday, the U.S. Securities and Exchange Commission (SEC) opened the doors for masses to invest in bitcoin with its tacit approval of a futures-based bitcoin ETF. ProShares, may be the first to launch next week, although it may not begin trading immediately.

In the week gone by, crypto lender BlockFi and Cathie Wood's Ark Investment Management lent their names on applications for futures-backed Bitcoin ETFs. Meanwhile, Valkyrie Investments updated its futures-backed ETF prospectus with the ticker BTF, hinting at a possible launch. Per Bloomberg Intelligence, the regulators were considering nine bitcoin futures ETF applications at the beginning of the month.

The consensus is that the futures-based ETFs would bring more mainstream investors to the crypto market. However, these products are vulnerable to contango bleed and usually underperform the underlying asset.

➤ **Grayscale Said Close to Filing to Convert Bitcoin Fund Into Spot ETF.**

Grayscale Investments plans on applying to convert the world's biggest bitcoin fund into a spot exchange-traded fund (ETF) early this week, according to a report by CNBC, citing a person with knowledge of the matter.

While the exact timing of Grayscale's intended filing may be new, the world's largest digital asset manager has made no secret of its intent to seek approval for a spot bitcoin-based ETF once a futures-based one cleared the commission. That approval occurred on Friday.

Grayscale's ETF would be backed by actual units of the cryptocurrency, not simply linked it via derivatives contracts such as futures. Should the proposal gain approval, it would be a further expansion of the leading cryptocurrency as a recognized investible asset.

Some analysts predict that the \$38.7 billion Grayscale Bitcoin Trust (GBTC), whose shares already trade in public stock markets, has no chance of winning approval anytime soon for its current plan to convert into an ETF backed by the cryptocurrency.

Once the filing is made, the SEC will have 75 days to review it.

Grayscale is a unit of Digital Currency Group, which is also the parent of CoinDesk.

➤ **France Trials CBDC, Blockchain for Government Bond Deals.**

France's central bank has executed a series of bond transactions leveraging blockchain using its own digital currency as part of a 10-month pilot.

The Banque de France, along with a consortium of France's largest financial market participants, executed the transactions using a system developed by U.S.-based IBM.

Nearly 500 instructions in both primary and secondary markets were executed, though the value of the transactions has not been disclosed, according to a report Tuesday by the Financial Times.

BNP Paribas, Crédit Agricole CIB, HSBC, and Société Générale made up the consortium.

Led by securities depository Euroclear, the pilot also included large French banks as well as the French public debt office, per the report.

Sources: Bloomberg/Refinitiv/cnbc.com/coinmarketcap.com



Your CRYPTO Weekend Wire

News Flow

The CBDC trial is one of the EU's largest to date with France regarded as one of the highest-profile eurozone members to launch such an experiment. Sweden, whose Riksbank is also toying with digitizing its national currency, uses the e-krona.

Earlier this year, the Banque de France published a request for proposals for central bank digital currency (CBDC) "experiment" applications in a bid to help it understand the risks and mechanisms of CBDCs. The bank has also engaged in several experiments using a CBDC for the wholesale market and cross-border payments as well as interbank settlements.

China is currently the largest economy leading the charge with the implementation of a CBDC for use within its domestic market and plans to extend its CBDC trials to foreigners visiting the nation during next year's Winter Olympics, to be held in Beijing.

And while the EU and the U.S. are yet to develop to advanced stages, the threat of private cryptocurrencies, including stablecoins pegged to fiat currencies, has prompted several nations to pursue CBDCs.

"This project went well beyond previous blockchain initiatives because it successfully tested most central securities depository and central bank processes whilst eliminating current interim steps, such as reconciliation between market intermediaries," said Soren Mortensen, global director of financial markets at IBM as cited in the report. "We are rapidly moving towards fundamental change in the post-trade market infrastructure."

➤ **Société Générale Shopping for Crypto Custodian.**

Société Générale is looking to acquire a cryptocurrency custodian or at least take a strategic stake in one, according to three people familiar with the French bank's plans.

The bank, known as SocGen, has also sent out a request for proposal (RFP) in search of firms that could provide safekeeping for cryptographic keys and provide trading services, the sources confirmed.

SocGen may be playing catch up with such banks as BBVA, BNY Mellon, and Standard Chartered as banks look to crypto custody as a gateway into the booming, \$2.5 trillion crypto sector.

According to one of the sources, SocGen is eyeing two Swiss firms in particular: Metaco and Taurus. (Metaco provided crypto custody technology to BBVA and the Swiss affiliate of Russia's Gazprombank.)

Meanwhile, Taurus recently joined forces with Credit Suisse to create shares in a Swiss resort based on the Ethereum blockchain.

SocGen, Metaco and Taurus all declined to comment.

Interest in digital asset custody deals has picked up, thanks in part to PayPal's acquisition of multi-party computation (MPC) shop Curv, which was first reported by CoinDesk in March. The upshot of the acquisition was that Curv's existing clients were given until the end of this year to find another provider.

"When PayPal acquired Curv, the impact of that was that they not only acquired the firm, but they took it off the market," a key player in the crypto custody market told CoinDesk. "All those customers have had to scramble and look for alternatives."

SocGen, the sixth-largest bank in Europe, has crypto experience.

Earlier this month the bank submitted a proposal on the governance forums of decentralized finance (DeFi) app MakerDAO to accept on-chain bond tokens as collateral for a DAI stablecoin loan.

SocGen's blockchain division, FORGE, also has a history of experimenting with public blockchains.

➤ **Russia aims to replace US dollar reserves with digital assets in long term.**

As Russia continues pushing de-dollarization, the Ministry of Foreign Affairs (MFA Russia) is reportedly considering replacing the United States dollar with not only traditional fiat currencies but also digital currencies.

Aleksandr Pankin, deputy minister of Foreign Affairs of Russia, reiterated the country's plans to reduce the U.S. dollar share in Russia's international reserves and its usage in settlement with foreign partners in a Tuesday interview with local news agency Interfax.

Sources: Bloomberg/Refinitiv/cnbc.com/coinmarketcap.com/Newsnow.com



Your CRYPTO Weekend Wire

News Flow

The official said that MFA Russia isn't excluding the possibility of replacing the U.S. dollar with "some digital assets" alongside other currencies.

Pankin added that such replacement would require significant efforts from the government, including rebuilding established cooperation models between jurisdictions and businesses, as well as creating new mechanisms for new settlement systems.

The official noted Russia's de-dollarization campaign comes in line with the country's efforts to avoid challenges posed by sanctions from the U.S. government.

"Payments in U.S. dollars go through American banks and a clearing system, which allows Washington to block any transactions they deem suspicious," Pankin said. He added that the Russian government has not faced such issues with the euro or other fiat currencies and doesn't plan similar measures for any other national currencies so far.

For several years, Russia has been considering steps to cut the U.S. dollar share in its \$186-billion national welfare fund. Local authorities are planning to dramatically increase its holdings of Chinese yuan and invest in gold.

The latest remarks from the Ministry of Foreign Affairs further reinforce Russia's apparent interest in using crypto for international settlement. Last week, Russian President Vladimir Putin said that it was "a bit early" to use cryptocurrencies for settling oil trades. The president also admitted cryptocurrency's potential for transferring funds globally.

➤ **ProShares Bitcoin Futures ETF 'BITO' Hauls In \$570M of Assets in Stock-Market Debut.**

The first-ever exchange-traded fund (ETF) backed by bitcoin futures hauled in some \$570 million of assets on its first day of trading, a sign of just how hungry investors remain for bets on the cryptocurrency as prices approach a record high.

ProShares, the fund's sponsor, announced the level of assets in an emailed notice from a press representative. The ProShares Bitcoin Strategy Fund, which launched Tuesday on the New York Stock Exchange under the ticker BITO, had \$20 million of seed capital at the start of the day.

The fund also saw about \$1 billion of trading volume on the first day, ProShares said. That made it the second-most heavily traded new ETF on record, the firm said, citing Bloomberg.

The fund's price rose to \$41.94 at the close of stock-market trading, up 4.9% from the initial \$40 net asset value.

Dave Nadig, chief investment officer and director of research of ETF Trends, said that much of Tuesday's trading volume appeared to come from retail investors, since there were few large "block" trades of the size that big institutional traders often deal in.

"This is probably going to be what we all expected, which is it's an access vehicle for certain players in the marketplace," Nadig said in a phone interview. "There's lots of folks who are active participants in the markets who just don't want to cross over the crypto bridge by themselves."

The new ETF's debut came as bitcoin's price surged Tuesday to a six-month high, climbing toward the all-time high near \$65,000 set in April. As of press time, the cryptocurrency was changing hands around \$63,839, up 3.3% over the past 24 hours.

Matt Hougan, chief investment officer of Bitwise Asset Management, said in emailed comments that the strong first-day showing "suggests there is a large amount of capital that is still excluded from the crypto market simply because it's hard to access."

"That will change over time, and that capital will enter the market," Hougan said. "That's a pretty bullish signal for the long term."

Jeff Dorman, chief investment officer of Arca Funds, wrote in a newsletter Tuesday that "this was a long, arduous road for many, and becomes yet another indication that digital assets are crossing into mainstream."

The first of its kind in the U.S., the ProShares ETF offers investors the opportunity to gain exposure to returns of bitcoin with the ease of buying an ETF in a brokerage account.

The U.S. Securities and Exchange Commission (SEC) approved the ETF on Friday, and several other pending ETF proposals could win approval from the SEC later this week.

The ProShares ETF is structured to invest in bitcoin futures contracts traded on the Chicago-based CME, rather than investing in the cryptocurrency directly.

So, the ETF by itself won't introduce any new demand for bitcoin. However, traders might buy more bitcoin as they look to hedge against the futures price or take advantage of pricing disparities.

Sources: Bloomberg/Refinitiv/cnbc.com/coinmarketcap.com/Newsnow.com



Your CRYPTO Weekend Wire

News Flow

➤ **Senators pressure Facebook to 'immediately discontinue' Novi wallet pilot.**

Five Senators have called for the immediate closure of Facebook's new crypto wallet just hours after it was launched in partnership with Coinbase.

Crypto skeptic Senator Elizabeth Warren was one of the five urging Facebook CEO Mark Zuckerberg to "immediately discontinue" the project.

Diem is Facebook's ambitious stablecoin project, formerly known as Libra, which has been the subject of heavy scrutiny and regulatory roadblocks for years resulting in a number of key partners pulling out of the venture. Novi is the firm's crypto wallet, designed to hold the Diem token and other stablecoins.

Novi launched a pilot in the U.S. and Guatemala on Oct. 19 in partnership with Coinbase which will provide crypto custody services. The pilot will enable users to acquire, send and receive Paxos Dollars (USDP) through their Novi account.

On Oct. 20, Coinbase CEO Brian Armstrong congratulated co-creator and a board member of Diem David Marcus, adding "it takes a lot of perseverance to ignore the haters and ship."

The shot across the bow came from the office of Senator Brian Schatz and was co-signed by Tina Smith, Richard Blumenthal, banking committee chairperson Sherrod Brown, and Elizabeth Warren.

They stated that Facebook has repeatedly made conscious business decisions to continue with "actions that have harmed its users and the broader society."

In a letter from the company announcing the pilot, Marcus stated "We intend to migrate Novi to the Diem payment network once it receives regulatory approval."

The firm has far loftier ambitions than just a crypto wallet and stablecoin in the digital space. On Oct. 17 Facebook revealed plans to create 10,000 high-skilled jobs in the EU over the next five years to build its own metaverse.

➤ **\$2.2T Asset Manager Pimco Is Starting to Trade in Cryptocurrencies.**

Pimco – a global investment management firm – recently confirmed that it is slowly increasing its cryptocurrency exposure. Chief Investment Officer Daniel Ivascyn said some of the company's hedge funds are already trading crypto-linked securities. He even predicted that digital assets could eventually disrupt the entire financial system.

The CIO revealed Pimco's crypto exposure in a recent interview with CNBC. He said the firm might start trading crypto as part of its "trend following" and "quant oriented" strategies before doing more "fundamental" work in the space.

For now, the company's investment strategy will be a gradual process. The firm has spent considerable time speaking to investors about digital assets and will continue to do so. It plans to take "baby steps" when breaking into the "rapidly growing" area of cryptocurrency.

Pimco is a massive international investment firm focused on fixed-income asset management. The company had \$2.21 trillion in assets under management as of December 2020. Investing mere percentages of its portfolios into Bitcoin or other digital assets could have substantial implications for the cryptocurrency market.

Ivascyn elaborated on some of the current crypto trading strategies within Pimco's hedge fund portfolios.

The CIO outlined DeFi as something which will be "very disruptive" in the financial industry going forwards. At a minimum, he intends to prepare the company to delve into cryptocurrencies if his predictions come true to ensure Pimco maintains its competitive edge.

Major financial institutions have been delving into Bitcoin at an alarming rate as of late. Earlier this week, Paul Tudor Jones stated that Bitcoin comprises a "single-digit percentage" of his hedge fund's portfolio. He even prefers Bitcoin as an inflation hedge to gold, as appears other institutions do as well.

The recent launch of a Bitcoin Futures ETF is likely to help continue this trend. The fund has already generated over \$1 billion in trading volume after two days of activity on the NYSE.

Sources: Bloomberg/Refinitiv/cnbc.com/coinmarketcap.com/Newsnow.com



Your CRYPTO Weekend Wire

News Flow

➤ **Ark Invest founder Cathie Wood passed on buying the first Bitcoin Futures ETF.**

Ark Invest founder and CEO Cathie Wood did not invest in the ProShares Bitcoin Strategy Exchange Traded Fund, or ETF, on opening day, according to Business Insider.

The contango of the ETF refers to when the future price of the commodity is higher than the spot price. Backwardation is when the forward price of the futures contract is lower than the spot price in a downward trend.

This past June, Cathie Wood's Ark Invest partnered with 21 Shares to file for its own Bitcoin ETF. She is also no stranger to the equities market when it comes to investing in cryptocurrencies.

One of her fund's, Ark Investment Management, was approved to invest in Canada's Bitcoin ETF under the Ark Next Generation ETF. Ark Invest owns 8.3 million shares of Grayscale Bitcoin Trust (GBTC), with Bitcoin and Ethereum making up a good percentage in Ark Invest's portfolio.

In the spring, Ark Invest also added Coinbase stock to three of its ETFs, Ark Innovation ETF (ARKK), Ark Next Generation Internet ETF (ARKW), and Ark Fintech Innovation ETF (ARKF).

Wood said she is looking for the next FAANG investment to help her investors. FAANG is a stock market acronym describing the five biggest American tech stocks: Facebook, Amazon, Apple, Netflix and Google. The FANG term was initially coined by Jim Cramer in 2013.

The Bitcoin Strategy ETF had the highest ever first day of natural volume for an ETF, and the second highest ETF on the overall volume on its first day of trading.

➤ **Tech billionaire Peter Thiel says he 'underinvested' in bitcoin.**

Peter Thiel, the co-founder of PayPal and Palantir, has said he feels like he's underinvested in bitcoin as the world's most popular cryptocurrency climbed to an all time high of just over \$66,000 per coin.

Speaking at an evening event in Miami on Wednesday, just hours after bitcoin hit a new record price, Thiel reportedly joked that "you're supposed to just buy bitcoin" before adding "I feel like I've been underinvested in it."

His comments, which were reported by Bloomberg, came after several other billionaires including Tesla CEO Elon Musk and Twitter co-founder Jack Dorsey have shown support for the cryptocurrency. Bitcoin's price has been incredibly volatile over the last few years, and many have warned that it presents a big risk to investors.

Thiel went on to say that his only hesitation when it comes to investing in bitcoin was that he thought "the secret was already known by everybody," according to Bloomberg. "I think the answers are still to go long" on bitcoin, Thiel added, before saying "maybe it still is enough of a secret."

At a separate event on Monday, the billionaire said the stratospheric price of bitcoin is one of the clearest indicators that the current political system is unstable, according to The Information.

"I don't know that you should put all your money into bitcoin at \$60,000 a bitcoin right now," Thiel said.

"But surely the fact that it is at \$60,000 is an extremely hopeful sign. It's the canary in the coal mine. It's the most honest market we have in the country, and it's telling us that this decrepit ... regime is just about to blow up."

➤ **FTX Raises \$420,690,000.**

FTX has memed itself into another massive funding round.

Sam Bankman-Fried's Bahamas-based crypto exchange said Wednesday it had raised \$420,690,000 in a Series B-1 funding round. Sixty-nine investors – including BlackRock and Tiger Global – joined the fast-growing crypto conglomerate.

Investors valued the exchange at \$25 billion, FTX said, a nearly 39% jump over the Series B sticker price from July when it raised a whopping \$900 million in crypto's largest-ever venture capital funding round. FTX says users have grown 48% in that period and trading volume rose 75%.

Surging growth coincided with FTX's summertime marketing blitz. The new funding round is being announced as bitcoin tops fresh all-time highs.

Sources: Bloomberg/Refinitiv/cnbc.com/coinmarketcap.com/Newsnow.com



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The exchange has spent big on sports advertising this year, writing a mainstream outreach playbook with Major League Baseball that competitor Coinbase appears to be following in a new deal with the National Basketball Association.

But courting name recognition is just one spoke in the strategy, Bankman-Fried told CoinDesk in an interview.

Awash in venture capital and multimillion-dollar-a-day revenue streams, the CEO is planning a series of acquisitions and partnerships to get FTX into more countries, with more users.

"We've probably done a half a billion dollars of acquisitions so far this year," Bankman-Fried told CoinDesk in a call. He said the coming buys are "potentially sizable."

All that from a company whose influence is growing by the day. FTX – once only an overseas crypto derivatives exchange – now boasts a U.S. affiliate with its own NFT marketplace and a roadmap to offering regulated futures products.

The power FTX has amassed over the cryptosphere was on display last week when it barred NFTs projects with revenue-sharing schemes from listing on its marketplace. Several projects including Solarians quickly dumped that feature to comply, angering troves of buyers.

"To some extent, people are taking cues from us," Bankman-Fried said.

➤ **SBF, The Weeknd Added to Board of Tom Brady's NFT Platform.**

FTX's Sam Bankman-Fried, whose exchange just hit a new valuation of \$25 billion after a recent \$420 million funding round, has been appointed to the board of directors of Tom Brady's non-fungible token (NFT) company Autograph.

The exchange founder is joined by singer The Weeknd, SCS Financial Services co-founder Peter Mattoon and Discovery Land Company founder Michael Meldman.

"Autograph is at the forefront of the digital collectable space, and I look forward to helping them expand their capabilities," Bankman-Fried said in a statement.

SBF is joining the team as the industry is booming. NFT trading volume surged 700% to \$10.7 billion in the third quarter of this year, CoinDesk reported earlier this month.

This isn't the first time that the seven-time Super Bowl champion and Bankman-Fried have entered a partnership. In June, Brady and his wife Giselle Bundchen became stakeholders of FTX Trading LTD, the company behind FTX and FTX.US.

➤ **Walmart Has Quietly Begun Hosting Bitcoin ATMs.**

Walmart, the world's largest company by revenue, is letting customers buy bitcoin at dozens of its U.S. stores.

Shoppers can purchase the cryptocurrency at Coinstar machines inside the retailer's cavernous big box stores. A CoinDesk editor verified that the service works, buying a small amount of BTC at a Pennsylvania Walmart on Oct. 12.

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"Coinstar, in partnership with Coinme, has launched a pilot that allows its customers to use cash to purchase bitcoin," Walmart communications director Molly Blakeman told CoinDesk via email. "There are 200 Coinstar kiosks located inside Walmart stores across the United States that are part of this pilot."

Coinstar is best known for allowing consumers to exchange coins for paper bills or gift cards. The ability to buy bitcoin is enabled by Coinme, a crypto wallet and payment firm that specializes in bitcoin ATMs (BTMs).

After inserting bills into the machine, a paper voucher is issued. The next stage involves setting up a Coinme account and passing a know-your-customer (KYC) check before the voucher can be redeemed. The machine charges a 4% fee for the bitcoin option, plus another 7% cash exchange fee, according to the Coinstar website and verified by CoinDesk.

CoinDesk tested the service out of an abundance of caution following a hoax last month, when a fake press release claimed that litecoin (LTC) would be accepted as payment at Walmart stores. This time, the bitcoin-Bentonville connection is real. A source with knowledge of the pilot said the Litecoin debacle had put Walmart, which is based in Bentonville, Ark., off from issuing a press release.

Sources: Bloomberg/Refinitiv/cnbc.com/coinmarketcap.com/Newsnow.com



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The cryptocurrency ATM industry is expanding at a rapid pace, partly fueled by the COVID pandemic. Coinstar announced plans in 2020 to double its fleet of 3,500 Coinme BTMs amid a spike in usage.

More recently, Coinstar, which started adding bitcoin-buying services with Coinme in early 2019, added 300 bitcoin-enabled machines at Winn-Dixie, Fresco y Más, Harveys and other grocery stores across Florida.

But Walmart, long seen as the crown jewel to bringing crypto financial services into the mainstream, is another step up – even if the 200-kiosk pilot is chump change for a company with 4,700 stores and a market cap of \$409 billion.

The potential for crypto-enabled financial services for lower-income users is alluringly close given shared connections among Walmart, Coinme and MoneyGram, but the retailer didn't elaborate further on its crypto plans.

While large-scale BTM rollouts could bode well for adoption, there are concerns about money laundering, said Seth Sattler, compliance director of BTM provider DigitalMint.

That's because some crypto ATM operators turn a blind eye to the relatively high level of illicit activity the machines attract, he said. That includes money mules, human traffickers and assorted scammers.

Over the past 18 months, DigitalMint, which accounts for only 5% of total BTM transaction volume, has rejected and returned \$5 million to fraud victims, said Sattler, who is also a leading contributor to the recently convened Cryptocurrency Compliance Cooperative.

"Large retailers need to make sure they know the vendor they're getting into bed with and what that organization is doing to manage risk," Sattler said in an interview.

➤ **Robinhood crypto wallet waitlist hits 1 million people.**

More than 1 million people are on the waitlist for Robinhood's long-awaited crypto wallet according to CEO Vlad Tenev.

Speaking to Jim Cramer during CNBC's Disruptor 50 summit on Oct. 21, Tenev stated that was very "proud" of Robinhood's progress in crypto, as he highlighted the firm's recent push to provide a crypto wallet for its users.

"We see an opportunity to continue growing that business," he added.

Robinhood users have long urged the company to develop a crypto wallet as the platform currently does not support deposits or withdrawals, and only allows users to buy crypto with U.S. dollars and trade digital assets on the platform.

On Sept. 22, Robinhood finally announced its plans to roll out a digital asset wallet and opened a waitlist for first access to the new feature. A Robinhood representative told Market Watch last month that the wallet will debut this month for some users and will eventually open to all users in early 2022.

During the event Tenev emphasized the importance of the emerging crypto sector, noting that it's "here to stay as an asset class" and it holds specific advantages such as being able to connect a global market.

"So, you know, regardless of where you are in the world whether you're in the U.S. or overseas, you can have a wallet, you can send people cryptocurrencies from that wallet to their wallet.,," he said.

Robinhood first launched Bitcoin (BTC) and Ether (ETH) trading in 2018 for customers in five U.S. states. Robinhood has since expanded its altcoin support to assets such as Dogecoin (DOGE) and Litecoin (LTC), and currently allows traders based in all but four U.S. states to access its commission-free crypto trading services.

When Teven was asked if Robinhood would expand support to Shiba Inu (SHIB), the CEO suggested that it was unlikely anytime soon as he cited the firm's stringent listing policy.

Speaking on the firm's vision, Tenev argued that Robinhood offers a greater chance for financial inclusion than its competitors, as he asserted that its commission-free trading structure "changed the industry."

"I think that you look at cryptocurrencies, for instance, people are still paying 3%, 4% fees to access that market. You see a lot of opportunities to serve more customers that have even less money, who are even more underserved than the people we have now," he said.

Sources: Bloomberg/Refinitiv/cnbc.com/coinmarketcap.com/Newsnow.com



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➤ Silicon Valley entrepreneur Sam Altman wants to scan your eyes in exchange for free cryptocurrency.

It sounds like something out of a sci-fi movie — metallic orbs that scan people's eyes to pay them in digital currency. That's what tech investor Sam Altman has been working on for his new start-up, a company called Worldcoin. Launched out of "stealth" on Thursday, Worldcoin promises to hand out free cryptocurrency to people who verify their accounts by taking an iris scan. Worldcoin says it's already attracted \$25 million in funding from Silicon Valley investors including Andreessen Horowitz, Coinbase and billionaire LinkedIn co-founder Reid Hoffman, giving the firm a \$1 billion valuation. Altman, CEO of artificial intelligence group OpenAI and former president of start-up accelerator Y Combinator, co-founded the company with theoretical physics student Alex Blania and Max Novendstern, a former investment associate at Bridgewater Associates. The idea seems outlandish at first. Free money? And all I need to do is have my eyes scanned? It sounds too good to be true. However, Worldcoin's founders say it's about expanding the reach of cryptocurrencies — and financial services more broadly — to the masses. Less than 3% of the global population are crypto users, according to virtual currency exchange Crypto.com. "Cryptocurrency is a very powerful thing," Blania, Worldcoin's CEO, told CNBC. "It will widen the boundaries of the economy in general and give many people access."

Worldcoin has already shipped its orb-shaped devices to people in 12 countries. Testers get users to sign up by having their iris scanned. The image is then encrypted and becomes a unique code, while the original data is deleted to protect users' privacy. Following that, users are given a free share of Worldcoin's cryptocurrency.

"We designed the whole system to be fundamentally privacy-preserving," Blania said. "The iris code itself is the only thing leaving the orb. There's no big database of biometric data."

The company has so far amassed over 100,000 users globally already and is onboarding 700 more each week. Worldcoin aims to hit 1 billion users by 2023.

Which raises a big question — how exactly is Worldcoin meant to be used?

Well, one early feature of the project will be a digital wallet that lets users store their crypto and make payments. But more broadly, Blania hopes to attract developers who can build apps on top of its system; apps "that we don't see today and that are really hard to build today because very few people hold crypto."

"Network effects are these very coveted things that are incredibly big," Blania said.

"You see this in Facebook. As soon as you suddenly have a billion people and everyday people holding something like that and using something like that, you as an entrepreneur can build completely new things."

One issue Worldcoin encountered early on, Blania says, is ensuring that people can't cheat the system. He calls this problem "proof of person."

"The only solution for that problem, we found, was to build an orb," Worldcoin's boss said. "It's the most secure and privacy-preserving way we found to prove everyone in the world is unique."

It's a concept that has parallels to a universal basic income, or UBI, which has been promoted by Altman and several other high-profile figures in tech.

The idea is that, by handing out cash regularly to citizens for free, governments can mitigate the impacts of artificial intelligence and automation on workers.

Blania hinted that Worldcoin could be used as the "infrastructure" to carry out UBI at some point in the future."

"I'm personally very excited about UBI over the long term," Blania said. "I think it's a very hard thing to implement right now."

"We see ourselves as building this huge network of people where entrepreneurs can jump in and build applications like this. UBI is one of those, but building big financial, global companies is another big one."

Worldcoin isn't the only far-out project Altman has thrown his weight behind. In 2018, the millionaire tech entrepreneur paid \$10,000 to a start-up called Nectome to have his brain preserved, scanned and uploaded into a computer simulation.

Sources: Bloomberg/Refinitiv/cnbc.com/coinmarketcap.com/Newsnow.com



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Worldcoin has built its system on Ethereum, the blockchain network behind the world's second-largest cryptocurrency. Blania hopes to tap into a fast-growing trend in crypto known as decentralized finance, or DeFi, which seeks to cut the middlemen out of traditional financial processes like lending and investing.

Worldcoin's launch comes at a time of renewed interest in cryptocurrencies as the prices of bitcoin and other digital coins have surged lately. Bitcoin, the world's largest virtual currency, notched a fresh record high above \$66,000 on Wednesday, while ether, XRP and other tokens also climbed sharply.

Cryptocurrencies have gained a reputation for their involvement in fraudulent activity, with various pump-and-dump schemes duping amateur investors into buying tokens, only for the creators and insiders to make off with millions. But Blania insists Worldcoin isn't a scam. "We are extremely transparent about everything we do," he said. "We will open source everything that is possible to open source."

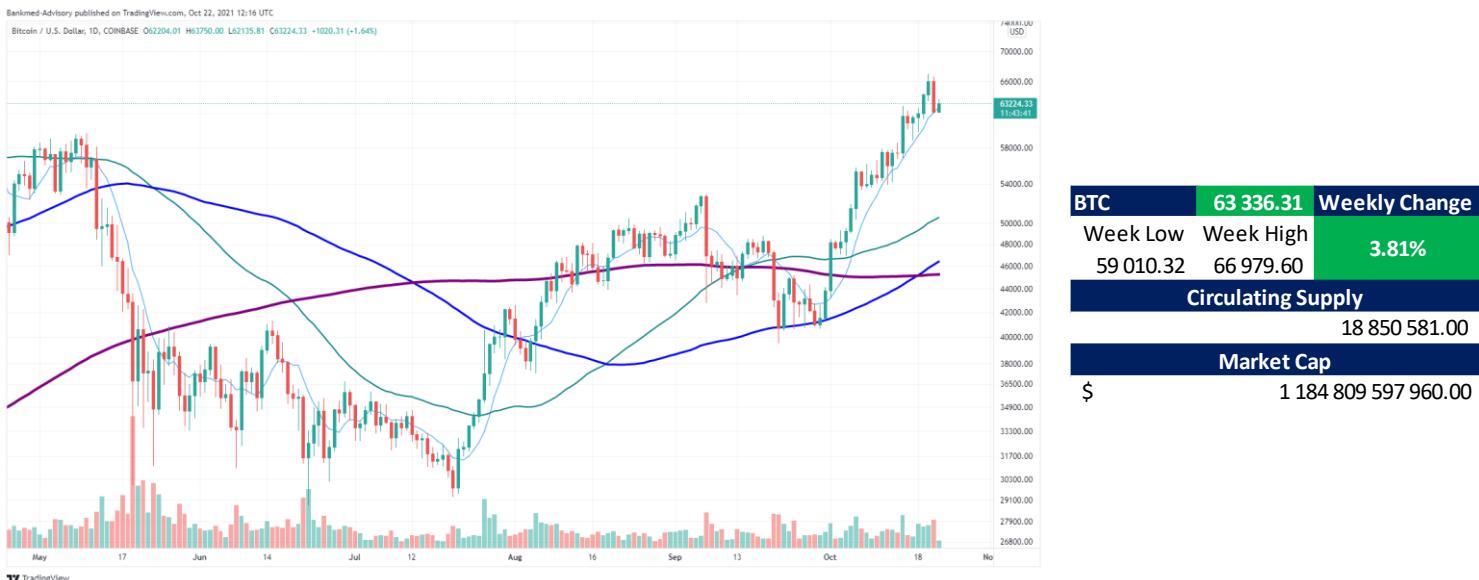
Sources: Bloomberg/Refinitiv/cnbc.com/coinmarketcap.com/Newsnow.com

Your CRYPTO Weekend Wire

Figures and Charts

Bankmed-Advisory published on TradingView.com, Oct 22, 2021 12:16 UTC

Bitcoin / U.S. Dollar, 1D, COINBASE O:62204.01 H:63750.00 L:62135.81 C:63224.33 +1020.31 (+1.64%)



TradingView

Bankmed-Advisory published on TradingView.com, Oct 22, 2021 12:16 UTC

Ethereum / U.S. Dollar, 1D, COINBASE O:4053.97 H:4169.72 L:4052.50 C:4111.22 +57.32 (+1.41%)

4 127.19		Weekly Change
Week Low	3655.79	8.50%
Circulating Supply		118 025 867.00
Market Cap		\$ 486 938 018 315.00



Sources: Bloomberg/Refinitiv/TradeView.com/Coinmarketcap. com



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Your CRYPTO Weekend Wire Glossary

A

- ❖ **Address (Crypto Address)**: An address is comparable to a bank account number. It is a unique collection of numbers and letters. This identification code is required to carry out a blockchain transaction and is unique for each owner. (ie: 1GyWgXtkVG5gsm9Ym1rkHoJHAftmPnTHQj)
- ❖ **Airdrop**: An airdrop is a way to distribute coins. End users can generally get coins for free or in exchange for a small task, such as subscribing to a newsletter, sending a tweet or inviting other people via a personal affiliate link.
- ❖ **Algorithm**: The ‘algorithm’ is a way to solve a task using data processing and calculations. There are different types of algorithms in use by blockchains.
- ❖ **Altcoin**: An altcoin is any cryptocurrency or token created after the Bitcoin was developed.
- ❖ **Anti-Money Laundering (AML)**: AML is the abbreviation for ‘anti-money laundering’. AML stands for policy and legislation on money laundering. This prevents illegally acquired funds from being converted into a legal variant. Within the crypto world, it is no longer unusual for AML techniques to be used by exchanges and wallets. This term is often used as AML/KYC, where KYC stands for ‘Know your customer’.
- ❖ **APY**: APY is short for ‘annual percentage yield’, which is the total return rate that is earned on an interest-bearing asset or savings account. The compounding interest should be considered when the APY percentage is projected. An APY of 5% will turn \$100 into \$105 after exactly one year.
- ❖ **ATH**: ATH is the abbreviation of ‘All-Time High’ and means the highest price ever paid for a particular coin. ATH is also often used to indicate that someone’s total portfolio has reached the highest value ever.
- ❖ **ATL**: ATL stands for ‘all-time-low’ and is the opposite of ATH, or ‘all-time-high’. ATL is used to indicate that the price of a coin or the entire wallet of a person is at the lowest level ever in terms of value.

B

- ❖ **Bitcoin (BTC)**: Bitcoin is the very first, best known and currently the most valuable digital coin.
- ❖ **Bitcoin (unit of Currency)**: The bitcoin is the very first cryptocurrency invented in 2008 by an anonymous developer named Satoshi Nakamoto. It can be divided up to 8 digits after the comma. The smallest one is called a satoshi (0.00000001 BTC).
- ❖ **Blockchain**: The blockchain is a technique that makes it possible to safely store data in a decentralized way. This data can be money, but it could be other data as well.



Your CRYPTO Weekend Wire Glossary

- ❖ **Bot:** A 'bot' is an autonomous program on a network, such as the Internet, that can interact with systems or users. It is often designed to automate certain manual tasks. Bots are often used in Telegram chat groups to prevent spam.

C

- ❖ **CBDC:** CBDC stands for 'Central bank digital currency' and is the fully digital form of fiat money. Unlike Bitcoin, this type of currency would be created by a centralized authority like a central bank or a monetary authority. It might or might not have a distributed ledger. Each central bank in the world can have a custom implementation. Currently, it is still in test phase or just a concept on paper.
- ❖ **Centralized:** Centralized means that one organization has control. For example, governments and companies are centralized. The opposite of centralized is decentralized, such as the Internet and the blockchain.
- ❖ **Coin:** A Coin is the umbrella term for cryptocurrencies and tokens.
- ❖ **Cold Storage:** Cold storage refers to storing cryptocurrency on a place where the private key cannot be accessed via the internet. This can be done on a hardware wallet, paper wallet or software wallet in an offline environment.
- ❖ **Cold Wallet:** A cold wallet is a wallet for storing cryptocurrency where the private key is not exposed to the Internet.
- ❖ **Cryptocurrency:** A cryptocurrency, also known as 'crypto', is a type of currency that is transferred via a blockchain. It uses strong cryptography to secure the transactions, that usually have value. While traditional fiat currencies are subject to counterfeiting, this is not possible in a cryptocurrency. Bitcoin is still the most valuable cryptocurrency.

D

- ❖ **DAO:** DAO is an abbreviation of 'Decentralized Autonomous Organization'. This is an organization that runs automatically on itself without any human interventions. The work is automatically executed through Smart contracts.
- ❖ **DeFi:** DeFi is the abbreviation of 'Decentralized Finance'. It can be defined as a new financial ecosystem consisting of various financial tools, apps and services utilizing blockchain technology. It's an umbrella term for all these projects combined and is growing daily. Examples of DeFi functionality are banking services in the form of stablecoins, decentralized exchanges, derivatives, prediction markets, or lending and borrowing systems. The last one can be either peer-to-peer or with a pool. It is a combination of replicating products and services in the traditional finance industry as well as innovative new ones only possible with blockchain technology.

Sources: blockspot.io/crypto-dictionary



Your CRYPTO Weekend Wire Glossary

- ❖ **DEX:** A DEX is short for Decentralized Exchange. This is an exchange where people can trade cryptocurrencies and tokens without the need of a middleman. It is usually run by code in a 'smart contract'. The transactions are generally written to the blockchain, which makes a DEX by default slower than a centralized exchange that uses fast databases. The main benefit of a DEX is that nobody, but yourself, holds the private key to the funds. Even though a DEX will not have a middleman regarding the trades, the exchange and the website are centrally managed. Therefore, it's not 100% decentralized in fact. The level of decentralization differs per DEX. Use the filters in this list with exchanges to find each DEX.

E

- ❖ **ERC-20:** ERC20 coins are all tokens on the Ethereum blockchain. These coins are also supported by most Ethereum wallets.
- ❖ **ETF:** ETF is an abbreviation for 'Exchange-Traded-Fund' or a listed fund on a stock exchange. This is a tradable product (security) that follows the price of an underlying asset. Examples are an equity index, a basket of certain securities, bonds and commodities. There are several applications for a Bitcoin ETF, but none of these has yet been approved by the SEC in the United States of America.
- ❖ **Ethereum:** Ethereum (ETH) is consists of one blockchain where both its own transactions (Ether) and those of numerous other coins (tokens) are recorded. Ethereum distinctive feature is the so-called "smart contract". The programming language of Ethereum is written in such a way that programmers can write their own programs based on the Ethereum blockchain.

F

- ❖ **Fiat Currency:** Fiat currency or also simply called fiat is money issued by a government or organizations that can issue it, like banks for example. It doesn't have any value by itself and is for decades not backed by gold anymore either. It instead remains value based on the trust of the people. Once the trust goes away it will decrease in value and could eventually cause hyperinflation.
- ❖ **Fully Diluted:** Fully Diluted in crypto refers to fully diluted market cap. This is the market cap of a coin based on its total supply instead of the circulating supply. This is an important metric for investors to compare coins and help with the decision if it's overvalued or undervalued.

H

- ❖ **HODL:** HODL is the wrong spelling of 'hold'. This spelling mistake was once made by someone accidentally or intentionally on a forum. Since then, this term has been used to indicate that you keep or should be holding your position.



Your CRYPTO Weekend Wire Glossary

I

- ❖ **ICO:** An ‘initial coin offering’ (ICO) can be compared a bit with an IPO. Investors get an opportunity to invest in a certain coin for the first time. The difference with the stock market however is that a company must meet all kinds of requirements before the IPO can take place. The market of ICO’s is much less regulated. Therefore, it happens more often that an ICO is fraudulent.
- ❖ **Interoperability:** The term interoperability in crypto refers to blockchain interoperability. In short, this means the ability to share information between different blockchains. Since the launch of Bitcoin, a lot of new blockchains have emerged of which the most well known Ethereum. All these new blockchains are in a way competing to get adoption by developers and users and results in a lot of silos. Since each blockchain usually has its own speciality, it would make sense for developers to utilize more than one blockchain. For this to work there is a need for the interoperability and several projects are working on this.

K

- ❖ **Key Pairs:** A key pair is the combination of a public and private key together. During the process of creating a wallet, a pair of keys is generated. The private key is the most important one and should be backed up safely and not shared with anyone.
- ❖ **KYC:** KYC is an abbreviation for ‘Know Your Customer’ and was created to combat money laundering via cryptocurrencies. At almost every ICO it is mandatory to prove that you are who you say you are. This is also regularly requested at crypto exchanges.

M

- ❖ **Masternode:** A masternode is a server, ran from home or in a data center, that has an essential role in a decentralized network. It usually performs specific tasks, like storing files or data and keeping it accessible in the network. It could also function to validate the transaction or for consensus purposes like voting on proposals. The technical (memory, CPU, etc.) and financial criteria (number of coins needed) are different for each coin. If the masternode you set up does not perform well it’s possible to lose your coins if those are meant as collateral. The rewards could also just stop and then you can just start over again. A masternode usually gives a high reward that’s paid out in the coin itself.
- ❖ **Maximum Supply:** This is the maximum number of coins that will exist for a token or cryptocurrency. If there is a max supply defined, no more coins can be created. ‘Burned’ coins are part of this supply, so therefore it is always larger than or equal to the total supply.
For Bitcoin, the maximum is set to 21 million.
- ❖ **Mining:** Mining is also known as ‘Cryptocurrency mining’ or ‘Cryptomining’. It is a process where blocks are added to a blockchain by solving a mathematical puzzle. The block can also contain transactions on that blockchain and will then become verified and immutable. Depending on the blockchain, mining can be done with a CPU, GPU, specialized hardware or a combination of all.

Sources: blockspot.io/crypto-dictionary



Your CRYPTO Weekend Wire Glossary

N

- ❖ **NFT:** NFT is the abbreviation of non-fungible token. This is a type of token representing a unique asset. These can be either digital or represent real-world assets. Examples are a sword in a game or ownership of a piece of land. NFT's are generally scarce, unique and indivisible. The Ethereum blockchain makes it easy to create NFT's with it's ERC-721 and ERC-1155 standards.

O

- ❖ **ODN:** ODN is the abbreviation of 'OriginTrail Decentralized Network'. This is an open-source and permissionless network that relies on an off-chain technology stack consisting of several inter-related layers. It is a decentralized network of data providers, data creators, data holders, and data viewers. The glue between all entities is the ERC-20 based Trace Token (TRAC). This is used as a collateral stake to keep data holders honest and for payments to compensate the data holders for providing their resources.

P

- ❖ **Paper Wallet:** A paper wallet is an alternative to a hardware or software wallet. It is a piece of paper or a PDF containing the information to access the cryptocurrency in that wallet. It normally consists of a 'public key' and a 'private key'.
- ❖ **Permissioned Blockchain/ledger:** Anyone can mine Bitcoins because it is a public blockchain. This is not the case with a permissioned blockchain. There is a layer above it that determines which entity can write transactions in a block. The XRP coin from the company Ripple Labs is an example of such a blockchain and has CGI, MIT and Microsoft as approved entities for example. These are called "transaction validators".
- ❖ **PoA (Proof of Authority):** PoA stands for 'Proof of Authority'. This is a validation method to process transactions and blocks in a blockchain only by approved accounts. These are known as 'validators' and run specific software to store the transactions in blocks. Since the identity is linked to the system, it can contribute to more trust.
- ❖ **Private Key:** A private key in the crypto space can be defined as the combination of letters and numbers that corresponds to a specific public key. The private key can be used to gain access to the assets on that public key, also known as the wallet address. Once you share your private key with somebody, store it on your computer in plain text or type it in a website or app, you risk losing all your funds stored on its a corresponding public address.
- ❖ **Public Key:** A public key in the crypto space can be defined as a combination of letters and numbers and forms the address to which the cryptocurrencies or tokens can be sent to. Everybody who knows the public key of somebody can see the assets stored on that address. Only the owner of the corresponding private key can send those assets out.



Your CRYPTO Weekend Wire Glossary

Q

- ❖ **QR Code:** A QR code is a type of barcode in the form of a square. The letters QR stand for 'Quick Response'. The code contains many dots, a few small squares and sometimes a small logo in the middle. This is different from most other barcode types, which are rectangular with lines. A QR code can therefore contain much more information. Within the crypto world, it is often used to make a 'wallet' address scannable. This speeds up the process of transferring crypto and prevents errors.

S

- ❖ **Satoshi Nakamoto:** Satoshi Nakamoto is the alias of the creator of Bitcoin, who wants to remain anonymous. Nobody knows who it is. It could be a person, a group, a company or even a government. It is quite likely that it is a person because there are people who have communicated with him or her via e-mail.
- ❖ **SEC:** SEC is the abbreviation of 'Securities and Exchange Commission'. This is an independent government organization of the United States of America. The SEC holds the primary responsibility regarding the financial markets. They enforce the federal securities laws, propose new rules and regulate the US financial markets.
- ❖ **Stablecoin:** Stablecoins are tokens or cryptocurrencies attempting to have a minimized volatility of its price. It usually tries to keep a stable price of a related asset like USD for example. It can be backed by the related asset or replicated using smart contracts. Stablecoins are usually pegged to fiat money, but it's also possible to be pegged to precious metals like gold or silver, or even other assets. It enables an easily accessible way to store crypto wealth, temporarily, in a more stable asset during market volatility instead of using the traditional financial ecosystem. Fiat withdrawals can take a few days and could be costly as well.

T

- ❖ **Tether:** The Tether is often abbreviated as USDT on exchanges. This is a non-government regulated 'stablecoin' with a value of around 1 US dollar. The company behind this coin claims that every Tether in circulation is covered with real dollars on their bank account.
- ❖ **Total Supply:** The 'total supply' indicates the number of coins already in circulation, supplemented with the coins that are not tradable yet. So, it only applies to coins already in existence. This is different from the 'max supply', in which future coins are included. The total supply is greater than or equal to the 'circulating' supply'. It can consist of tradable and non-tradable coins, such as reserved or not yet released coins for the team or investors.
- ❖ **Transaction Fee:** The 'transaction fee' is the amount that must be paid to execute transactions on the Blockchain. This fee is usually paid to the 'Miners', but sometimes they are burned. There are also several cryptocurrencies, where you don't have to pay a fee.



Your CRYPTO Weekend Wire Glossary

W

- ❖ **Wallet:** A ‘wallet’ is a place to store cryptocurrencies encrypted. There are several variants, such as a paper wallet, hardware wallet or software wallet. Each coin has one or more supported wallets.
- ❖ **Whale:** A ‘whale’ is someone with a very large position in a coin.
- ❖ **Whitepaper:** A ‘whitepaper’ is a document that is almost always written for the launch of a new coin through an ICO. All aspects of a coin should be explained here: how it is used, for what and sometimes also the price expectation. After the ICO new versions can be released if the situation changes.

Y

- ❖ **Yield Farming:** Yield farming is the process of generating the most returns possible on your crypto assets by putting them to work. Within the crypto space, DeFi has taken on a big role and services inside this space are making yield farming possible. There are nowadays ways to move your crypto assets to pools to gain interest on those assets giving it an annual percentage yield (APY). Just buying crypto-assets and holding them in your wallet, won’t generate any yield, but lending them out with DeFi services like, Compound, for example, does make this possible. A term closely related to yield farming is liquidity mining.

Sources: blockspot.io/crypto-dictionary

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