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Weekly Crypto News Recap

May 19, 2023

TOP STORIES OF THE WEEK

LayerZero partners with Immunefi to launch $15M bug bounty
Cointelegraph

Cross-chain messaging protocol LayerZero and security platform Immunefi have teamed up to launch a record $15m bug bounty program. The program offers a maximum reward of $15m for anyone identifying a vulnerability at the highest severity level. To be considered for a reward, bug reports must include a proof-of-concept (PoC) demonstrating an end effect on assets in scope, and code is required to be submitted according to the eligibility criteria.

Ledger's New Wallet Recovery Feature Sparks Community Backlash
The Defiant

Ledger, the leading provider of hardware wallets, is mired in controversy over its recently-launched Ledger Recover feature. The optional service allows users to recover their seed phrase – the string of words that grants access to a crypto wallet – by verifying their identities with Ledger. The process involves encrypting the seed phrase into three fragments, which are then sent to Coincover, Ledger, and an independent backup service provider. To regain access to their wallets, users must pass ID verification, and two out of the three companies will send the fragments back to the user's Ledger device. Once combined and decrypted, the seed phrase is revealed. The company defended the feature on a Twitter Space attended by its top management, but many in the community have raised concerns that Ledger historically misrepresented what was possible from a firmware update with respect to seed extraction from the device's Secure Element.

Coinbase Request for Clarity on Crypto Rules 'Should Be Denied', Says SEC
Decrypt

The SEC has finally responded to Coinbase's rulemaking petition, seeking answers to 50 specific questions concerning digital asset regulation (See Top Story #4 from a few weeks ago for extra context). The SEC's response has urged courts to deny Coinbase's recent request for clearer rules, stating "Coinbase's preference for faster or different regulatory action by the commission does not entitle it to extraordinary relief from this court." Coinbase expressed its disappointment in the SEC's apparent lack of urgency for implementing appropriate crypto rules and is expected to respond over the coming days.

Lido Finance passes vote to activate withdrawals on Ethereum with v2 upgrade
The Block

The largest liquid staking protocol on Ethereum, Lido Finance, has upgraded to version 2 — a critical change that enables users to withdraw ether staked on its platform. stETH holders can now initiate withdrawal requests. After the requests are made, an oracle will ascertain which Lido operators need exit validator nodes to meet this request. Lido operators will then request a validator exit, submitted to a consensus node on the Ethereum mainnet. Once the specified validators have exited, stETH holders can claim their ETH. At first, Lido would help process quicker individual withdrawals from a "withdrawals vault" that holds ETH, bypassing the exit queue. With the Lido V2 upgrade, there is about 270,000 ETH ($490m) in the vault that will be readily available to fulfill withdrawal requests, which avoids a lengthy process of exiting validators.

Ribbon Finance introduces Aevo for on-chain options trading
The Block

DeFi protocol Ribbon Finance launched Aevo OTC, a new feature on its decentralized options exchange Aevo that allows users to trade altcoin options onchain. Aevo OTC will initially support trading across weekly, biweekly and monthly maturities, on a rotating list of 13 different altcoins. The debut list includes bitcoin, ether and newer coins like pepe, arbitrum, optimism and aptos. Aevo OTC uses an RFQ system with an on-chain dynamic margin system, and initial liquidity providers include
Galaxy, GSR and Orbit.

BITCOIN
MicroStrategy Looking at Bitcoin Ordinals for App Development, Says Michael Saylor
Miami Bitcoin Conference Flags Attendance Down by Half as 'Crypto Winter' Drags On
Lightning Labs Releases 'Better' Version of Token Minting on Bitcoin After BRC-20s Clog System
Countdown to Bitcoin halving: Less than 50,000 blocks remaining
One Million Individual Wallets Now Hold a Whole Bitcoin
Bitcoin active users plummet even as transactions rise

ETHEREUM
Coinbase Pauses Ethereum Staking Reward Withdrawals for Up to Three Days
Dormant ethereum whale and ICO participant just staked $7m
Alternative to ERC-4337 proposes stateless account abstraction
Ether Holders Embrace Near Month-Long Wait for Staking ETH
Ethereum's Beacon Chain updated after finality issues
Ethereum Resumes Finalizing Blocks after Second Performance Hiccup in 24 Hours

ALTCOINS
Ethereum Layer 2 Mantle Network merges with backer BitDAO
SlingShot DAO Launches Platform to Utilize DAO Votes for New Game Onboarding
DRC-20 tokens drive parabolic move in daily Dogecoin transactions

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Filecoin Foundation rejects SEC's classification of FIL as security
Osmosis, Axelar and Akash fund 'mesh security' model for Cosmos ecosystem
DeFi Token Synthetix Soars 10% as Community Mulls PEPE Market Launch
Lido Community Members Propose LDO Token Staking and Buyback Plan
Gala Games Burns Over $600 Million Worth of GALA Tokens
Uniswap governance members seek to launch on Base, Coinbase's layer 2
Crypto Perpetuals Exchange DYdX Considering the Launch of More SubDAOs
Litecoin Transactions Up 500% On LTC-20 Token Hype
Chronos DEX Attracts $230M With Modified ve(3,3) Tokenomics
Uniswap will deploy on Polkadot parachain Moonbeam
Near Protocol to use Wormhole bridge for cross-chain transfers
Crypto Lender Compound Deploys on Ethereum Layer-2 Arbitrum
Bancor DAO hit with class-action suit over impermanent loss protection promises
Origin Protocol Enters Competitive Ether Yield Market With OETH Offering
Libra-related Sui blockchain fixes critical bug that put 'billions' at risk
Milady memecoin whales sitting on paper profits worth more than $20 million
Bitcoin Cash enables CashTokens upgrade on its network
Token of Layer-1 Blockchain Kava Surges 40% Ahead of Mainnet Upgrade
Lido Community Weighing On-Chain Vote to Deploy Version 2 on Ethereum
BitDAO proposes to replace BIT token in branding revamp
MakerDAO publishes 5-phase roadmap featuring funding for open-source AI projects
Cosmos blockchain Neutron goes live on mainnet with replicated security

STABLECOINS

Stablecoin Issuers Pour Money Into DC as Crypto Legislation Hits Agendas
US House stablecoin hearing focuses on competing bills for regulation
USDC Issuer Circle Moves $8.7B to Repo Agreements to Protect Reserves From U.S. Government
Default
Tether to invest up to 15% of its profits in bitcoin

CRYPTO ECOSYSTEM

Crypto Browser Opera Integrates Layer 1 Blockchain MultiversX
Singaporean family office to set up digital bank in Bahrain
Bitcoin Custody Services Are Coming to Custodia Bank, Says CEO Caitlin Long
Galaxy Executed its First OTC Options Trade as Demand for On-Chain Options Ramps Up
Coinbase Cloud Joins Chainlink as Node Operator to Bolster Security
Ledger Continues to Defend Recovery System, Says It's Always 'Technically' Possible to Extract
Users' Keys
GridPlus to open source wallet firmware in Q3 amid Ledger debacle
Seizing Upon Ledger Stumble, Hardware Wallet Competitors Offer Discounts
Ripple splashes $250 million on Metaco acquisition
Anchorage Digital opens up DeFi voting for custody clients
Jump Trading Allegedly Supported Terra Before It Collapsed, New SEC Filings Show
Celsius moves to unstake hundreds of millions of dollars worth of ETH
'Trusted' marketplace sold fake Trezor wallets stealing crypto: Kaspersky

Celsius moves $780 million in stETH as Lido Finance enables withdrawals
BlockFi used customer money to buy $30M insurance, creditors claim
Matrixport Integrates With Copper's ClearLoop on Prime Brokerage Offerings
Celsius Transfers $75M of Ethereum to Staking Service Figment
Bankrupt Celsius stake $57M worth of Ethereum: Arkham
Bakkt Mass Delists Tokens Including Aave, Avalanche, Compound, Filecoin, MakerDAO and Uniswap

NFTS / GAMING / METAVERSE

NFT Lending Platform Blend Surges Past 100,000 Ethereum in Total Volume
Axie Infinity's Token Jumps 12% After Firm Lists Game on Apple App Store
Chinese prosecutors to crack down on 'pseudo-innovation' in NFT market
Why Relics and Steve Aoki Are Building NFT Jukeboxes for the Metaverse
Minecraft Meets World of Warcraft in Gala's Survival Fantasy Game Mirandus
Jack Butcher Brings New Riff on Popular Checks NFTs to Christie's
NFTfi Launches Earn Season One, Promoting Responsible NFT Lending
LG Electronics files patent for NFT-trading TV
Fractional NFT project Tessera to shut down amid challenging crypto market

MINING

Bitcoin Mining Rig Maker MicroBT Unveils Most Powerful Machine Yet
Bitcoin difficulty hits record high as hash rate surges to 350 TH/s
U.S. Bitcoin Corp to Host 150K Crypto Mining Rigs
Bitcoin Miner Cormint Raises $30M Series A to Build Texas Data Center
Paraguay Police Raid Unearths 300 Stolen BTC Mining Rigs
Crypto Mining Data Center Soluna Stock Surges After $14M Investment Deal
BTC miner Rhodium faces lawsuit over alleged $26M in unpaid fees: Report

EXCHANGES

ASX Abandons Blockchain-Based System to Replace CHESS
Binance Australia Suspends Cash Withdrawals, Loses Banking Partner Due to Compliance Shortcomings
Binance Taps TradingView for Spot Trading Integration
Crypto.com Expands Pay Service, Adds Support for MATIC, USDC, and DAI
FTX sues SBF, others over 'worthless' fintech company acquisition
Crypto exchange volumes sink after Jump, Jane Street pull back
Bankrupt Crypto Broker Voyager Cleared to Repay $1.3B to Creditors
Crypto.com adds Pay support for MATIC, USDC and DAI
Justin Sun calls out Huobi founder's brother for unfairly profiting on tokens
Bitcoin Ordinals, BRC-20 token traders gain a new ally as OKX upgrades
Coinbase Initiated at Hold, Likely To Face Enforcement Action From SEC: Berenberg
Weekly DEX Volume on BNB Chain Hits Highest in a Year
Regulatory Hostility Pushes Binance Out of Canada
Quadriga CX Bankruptcy Claimants to Get 13% on the Dollar

CAPITAL RAISES

Digital Asset Firm HashKey Group Looks to Raise up to $200M at $1B Valuation: Bloomberg

Jack Dorsey Leads $6 Million Raise for Bitcoin Payments Company Azteco

VC Funding Boost for Web3 Marketplace Following Success with Rihanna's Music Rights

Coinbase CEO's Start-Up NewLimit Raises $40 Million to Increase Human Lifespan

Bitcoin services startup River Financial secures $35 million from Peter Thiel, others

Auradine raises $81 million to build 'next-generation web infrastructure'

INVESTMENT MANAGEMENT

Borderless Capital Leads Wormhole-Powered $50M Cross-Chain Fund

Grayscale and Bitwise distance themselves from Ether futures ETF plans

Red Beard Ventures Closes $25M Funding Round With Animoca Brands, Others

Valkyrie Files 'BTFD' Ticker for Leveraged Bitcoin Futures ETF Application

Digital asset investment products see outflows for 4th consecutive week totaling $200M

Crypto VC Paradigm buys Coinbase shares worth $50 million

10T Private Equity Firm Seeks $200 Million for New Crypto Startup Investment Fund

TRADFI / TECH

Apple bans ChatGPT use for employees over fears of data leaks

Meta reveals new details about in-house AI chips

Visa taps Ethereum's Goerli testnet to experiment with account abstraction

OpenAI Debuts ChatGPT App for Apple iPhone, Says Android Coming Soon

Wells Fargo to pay $1B in shareholders lawsuit settlement

Australia's oldest bank bans payments to Binance

Revolut launches business offering in Australia, seeks banking license

Citadel Securities says ex-employees launched crypto firm with stolen trade secrets

OpenAI CEO Sam Altman calls for AI to be regulated during Senate hearing

ChatGPT Adds Web Browsing Feature to Rival Google Bard and Microsoft Bing

BNY Mellon focusing on digital assets sans crypto, deems tokenization 'next wave of securitization'

Microsoft, Goldman Sachs, and Other Big Firms Back Launch of Financial Blockchain

'Significant risk' of US Treasury running 'out of funds' soon: Report

President Biden announces nominations for key positions at Federal Reserve

CBDC

CBDCs Banned in Florida as Governor Ron DeSantis Signs New Bill

Ripple Starts Platform for Central Banks to Issue Their CBDCs

G-7 Unpacks Crypto Regulation and CBDCs in Latest Meeting

Samsung to research South Korea's CBDC for offline payments

REGULATORY / COUNTRIES

Texas proof-of-reserve bill passes through the Senate

Paradigm argues against New York's attorney general classification of Ethereum as securities

Pakistan Announces Fresh Ban on Crypto, but Adoption as a Hedge Remains Popular
Ripple case: SEC Hinman docs could become public by June 6, lawyer says
SEC warns that Filecoin 'meets definition of a security' — Grayscale
UK Treasury Committee Urges Government to Regulate Crypto as Gambling
Indian Authorities Asked to Restore Crypto Exchanges' Access to UPI
New Chinese Blockchain Pivot as Beijing Vows to Train 500,000 'Experts'
SEC's Gensler says crypto markets are 'generally noncompliant' and based on 'false narrative' of decentralization
EU Finance Ministers Give Final Go-ahead to MiCA
Secret Service owns crypto, loves blockchain and has an NFT collection: Reddit AMA
US DOJ Ramps Up Efforts to Crack Down on DeFi Hacks and Thefts
Upbit, Bithumb Raided Following Lawmaker's Crypto Scandal
Zimbabwe sells millions of gold-backed crypto tokens despite IMF warning
House Democrats Consider New Stablecoin Bill Proposal: Source
Judge Sides With Bankrupt Lender BlockFi in Dispute Over Customers' Crypto in Interest-Bearing Accounts: Report
The right to use digital assets to be added to Texas Bill of Rights

ENVIRONMENTAL, SOCIAL, GOVERNANCE

Climate Finance Firm Solid World Opens Forward Carbon Liquidity Pools With Polygon
Crypto ownership in Turkey, Argentina and Philippines surges as inflation skyrockets

SURVEYS, HACKS, MISC

PSYOP memecoin faces identity crisis amidst questionable token launch
Binance Hosts Global Celebrations in Honor of Bitcoin Pizza Day
Pepe invades Bitcoin 2023 in Miami with massive Picasso-inspired mural
Bitboy dumps eponymous crypto tokens after promising not to sell
U.S. Court Asked to Reverse Decision to Not Appoint Independent Examiner in FTX Bankruptcy
US strips Ethereum dev Virgil Griffith of export privileges for 10 years
North Korean hackers steal $497M in crypto from US businesses
Coinbase compensation disclosure shows CEO Brian Armstrong received $6.3 million in security benefits

LINK

About GSR

GSR has nine years of deep crypto market expertise as a market maker, ecosystem partner, asset manager, and active, multi-stage investor. GSR sources and provides spot and non-linear liquidity in digital assets for token issuers, institutional investors, miners, and leading cryptocurrency exchanges. GSR employs over 300 people around the globe, and its trading technology is connected to 60 trading venues, including the world's leading DEXs. We have a culture of approaching complex problems with tenacity and imagination. We build long-term relationships by offering exceptional service, expertise and trading capabilities tailored to the specific needs of our clients.

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Required Disclosures