

Autonomous NEXT Newsletter vom 30.10.2017

Rise of Crypto Capital. An alien spaceship has landed on Earth. Its technology is superior to ours. Its pilots speak a different language. Do we fire our regulatory weapons at it? Do we build bridges and find ways to adopt its technology? Do we berate it for being alien? Or do we think it is a hoax, operated by some Wizard of Oz behind the curtain? Such is the entry of the crypto economy into our financial system. We have been tracking closely the response of the financial industry, and to many participants (**120 crypto funds in fact**), this spaceship is a savior that helps them ascend to another plane (i.e., not be destroyed by passive ETF roboadvisors).

Financial infrastructure is maturing. First data point is LedgerX, an institutional derivatives platform for crypto currencies regulated by the U.S. Commodity Futures Trading Commission that **has completed swaps and option trades with exposure over \$1 billion in a single week. CBOE and Gemini will do the same.** Second data point is Overstock and its **announced ICO** for tZero, an alternative trading system approved by the SEC, **leading to 150% appreciation in its public equity.** Remember also the **planned \$50mm IPO for NexBlock Global**, the Tapscotts' liquid venture crypto fund. Third point is Airswap, the decentralized exchange ICO coming out of ConsenSys that has just **raised \$36 million to move trading from a central counter party to smart contracts themselves.** There are other **decentralized efforts** as well. And last, **CoinList has officially sprouted out of AngelList** and will champion the SAFT Agreement and crypto as venture capital, rather than day trading.

The work is of course not done. One open question is **how to build traditional FIX connectivity into the new ecosystem and plug it into existing trading workflows.** The lack of such infrastructure means plenty of room for **automated arbitrage bots** and dedicated AI/Quant crypto funds, of which there are at least 13. Exchange regulation and common data standards are yet to evolve, and **projects like Messari** will lay the groundwork for open-source financial data. Valuation frameworks are still speculative, but thinking from **Vitalik, Brendan Bernstein, Evan Van Ness, and Chris Burniske** help move the conversation forward.