

## Article Information

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## Blockchain Bites: TLDR: 2024 crypto predictions round-up, US approves first spot Bitcoin ETFs, Full Circle: USDC issuer files for IPO, Visa Piloting Web3 Loyalty

*Michael Bacina, Steven Pettigrove, Tim Masters, Jake Huang, Luke Higgins, Luke Misthos and Kelly Kim of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.*

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### TLDR: 2024 crypto predictions round-up

The new year has arrived with the usual rush of 2024 predications from major blockchain, crypto and institutional players and leading finance publications. We give an overview of some of their key predications below, so you don't have to read them all.

#### [A16Z Crypto](#)

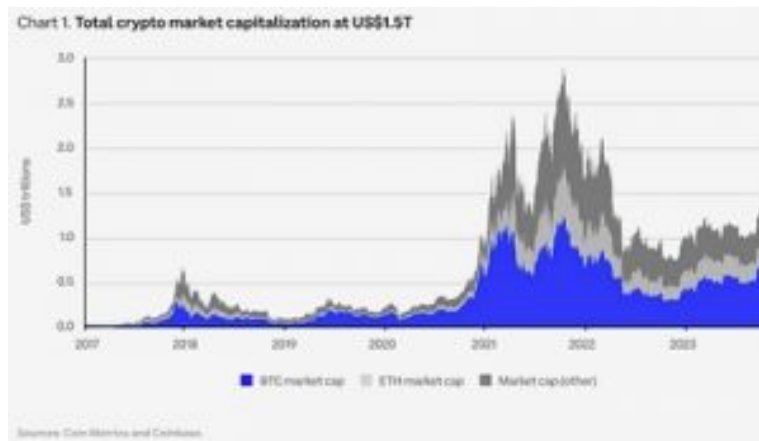
Considered one of the powerhouse crypto VC firms and thought leaders, A16Z Crypto see 2024 bringing:

- a new era of decentralisation, building on new organizational models as a "living laboratory" to usher in better ways to organise communities;
- improvements in user experience to finally overcome the challenges of users interacting with blockchain systems (simplified accounts, embedded wallets, and so on);
- increasing network effects from modular tech stacks, building on the growing power of open-source blockchain code;
- Blockchain helping to secure against AI generated fake content;
- NFTs becoming ubiquitous brand assets;
- improved verification tools emerge for developers, leveraging the architectural simplicity of smart contracts.

#### [Coinbase Institutional](#)

Coinbase Institutional, the institutional arm of one of the leading global digital currency exchanges, has outlined its predications including:

- as total crypto market cap doubled in 2023, an end to the crypto winter might be nigh;



- a continued anchoring of bitcoin to institutional flows of funds;
- the building of infrastructure level tech-stacks (layer-2s, zero-knowledge proofs) will start to enable web3's promise via new Dapps;
- crypto remaining a "globally important asset class with widespread commercial and investor appeal";
- growing tokenisation of real world assets (particularly bonds) fitting into regulations coming into play around the world;
- continued growth in web3 gaming;
- decentralisation of real world resources and early stage decentralised identity leveraging zero-knowledge proofs to grow;
- improving user experiences for Dapps and crypto tools;
- continuing growth of layer-2 rollups for transactions and an Ethereum Cancun upgrade to reduce transaction costs;
- a "murky path for US (regulatory) clarity", while the European Markets in Crypto-Assets (**MiCA**) commences in Europe for stablecoins on 30 June and at the end of the year for other crypto projects.

### Bitcoin Suisse

The research team at Bitcoin Suisse, a leading Swiss crypto service provider, made 13 digital asset predictions for the new year:

1. [Bitcoin spot ETFs, which were approved by the SEC on 11 January](#);
2. Bitcoin remains a top performing asset class;
3. Growth in institutional adoption of digital assets;
4. Digital assets (particularly BTC and ETH) break into traditional portfolios;
5. BTC and ETH as reserve assets;
6. Liquidity spring, with stablecoins on the rise again;
7. Once the dust of the Bitcoin ETF and halving event settles, mainstream focus will shift to ETH;
8. Innovation to the Bitcoin network post halving, towards a more sustainable security model;
9. Institutional staking and restaking to drive up liquid staking;
10. Rollups will become the primary liquidity hubs;
11. Mainstream applications (in gaming industry) to attract 50M new on-chain users;
12. Strong early stage, strong late stage: traditionally, projects that provided outsized returns in late bear market and early bull market stages kept momentum throughout full-fledged bull markets;
13. Final assembly line: not enough supply compared to high demand

### Fidelity

Among the most diversified financial services companies in the world, Fidelity noted the following 5 themes to watch for the new year:

1. Fed's movements – historical correlations indicate that crypto prices rise during periods of low interest rates;
2. Impact of Bitcoin halving in April 2024 – the historical impact on price has diminished with each halving cycle;
3. The spot Bitcoin and Ethereum ETPs impact the market – invite new market entrants;
4. Layer 2 protocols addressing scalability issues are gaining traction and could potentially encourage widespread crypto adoption by improving transaction speeds and reducing fees;
5. Demand continues for regulatory clarity, while global regions, such as the EU and the UK are advancing toward regulatory measures, uncertainty remains in the US regulatory landscape.

### Nansen

The research team at Nansen, a blockchain analytics platform, have outlined their high-conviction bets for 2024:

1. AI agents become primary users on the blockchain, enhancing performance and use cases;
2. Improved user experience in crypto applications, making it more user-friendly and accessible to all;
3. Decentralised exchanges take market share from centralised exchanges, boosted by monetary incentives and innovative features;
4. Expanding use cases of Bitcoin network, layer-2s, Ordinals protocol, modular architecture.

### [Messari](#)

Messari is a leading provider of crypto market intelligence products. In 2024, they have compiled a summary of trends to watch across a range of different categories from top figures, products, trends in DeFi, consumer crypto and more.

- Europe leads the way in crypto regulation with MiCA and TFR, but they face their own limitations;
- Bull case for Ethereum – well positioned to attract rollup and developers;
- The Modular Moment – interoperability solutions will be essential for seamless inter-rollup transactions;
- Zero Knowledge coprocessors and Fully Homomorphic Encryption as the most powerful innovation in crypto this decade;
- DeFi lending to overtake CeFi lending;
- Gaming industry – monetisation enabled by crypto as the next dominant business model in the sector;
- Continued innovation in peer-to-peer infrastructure and crypto software improves accessibility and user experience.

### [Gemini](#)

Marshall Beard, the Chief Strategy Officer at Gemini, highlighted the following key trends for 2024.

- Spot bitcoin ETF approval as a ‘significant milestone’ in ‘legitimizing bitcoin as an institutional-grade investment’ – increased inflow of capital anticipated into Bitcoin;
- AI-related tokens surge along with public interest in the integration of AI and crypto. AI has potential to revolutionise smart contracts and boost efficiency in current blockchain transactions;
- EU leading the way in crypto regulation with MiCA, in stark contrast with the US government’s controversial regulation by enforcement approach;
- Bitcoin’s 4th halving event in April anticipated by the market – historically, price of bitcoin rose post halving.

### [Galaxy Research](#)

The research team at Galaxy, a digital assets trading firm, noted the following key takeaways:

- The first digital natives, Millennials and Gen Z, have higher adoption rates for crypto;
- Millennials are expected to inherit the greatest wealth in history – Millennials are expected to hold up to five times more wealth by 2030 compared to 2020 mostly from inheritances;
- Transfer of wealth to these younger generations will have significant impact on crypto assets moving forward;
- This significant demographic shift will see greater inflow of capital into cryptocurrency and drive mainstream adoption.

### [Outlier Ventures](#)

London based Web3 venture capital firm Outlier Ventures identified the following key trends and challenges to look out for in 2024:

- Rising interest in tokenisation of real-world assets;
- Mainstream brands using blockchain tools to offer innovative and unique consumer experiences;
- ‘Making non-tech literate users comfortable’ remains a challenge;
- Scalability and security issues with infrastructure may not be ready to accommodate a large influx of new market entrants;
- The challenge of regulation continues, with the industry calling for regulatory clarity.

### [Crypto.com](#)

A leading global crypto trading platform Crypto.com highlighted the following key events and potential developments to expect in 2024:

- Bitcoin halving;
- The Cancun upgrade for Ethereum;

- Account abstraction to continue as a new paradigm for Dapps;
- Developments around Bitcoin spot ETFs and boosted inflow of capital into crypto products.

### [JP Morgan](#)

Analysts at JP Morgan anticipate Ethereum to outperform Bitcoin and other cryptocurrencies in 2024, through the EIP-4844 upgrade (Proto-danksharding), expected to occur in the first half of the year. In addition, they predict:

- Bitcoin halving and spot ETFs have already been priced in, it is likely that ratio of bitcoin's market price to production cost will decrease post halving as was the case in 2020;
- DeFi continues to face difficulties in encroaching into the TradFi ecosystem and tokenisation remains at an experimental stage;
- VC funding into crypto sector back on the rise, if it sustains into the first quarter of 2024, it may hint the end of crypto winter.

### [Forbes](#)

The positive sentiment on Spot bitcoin ETFs and bitcoin halving were echoed in Forbes' outlook for 2024. Additionally they note:

- HSBC's partnership with Swiss crypto company Metaco, to offer tokenised securities for institutional investors to launch in 2024;
- Increased regulation and policing of the crypto industry to combat financial crimes;
- With inflation cooling down and readjusted interest rates, investors are warming up to the crypto market.

### [PWC](#)

PWC released a comprehensive outlook report on the global crypto landscape for 2024. Here is a summary of pending regulatory/legislative movements for some jurisdictions:

- UK: Reforms to permit fiat-backed stablecoins expected in 2024;
- Australia: The ASIC's 'Corporate Plan 2022-26' highlights crypto-assets as one of its core projects encompassing various consumer protection, enforcement and policy matters;
- Canada: Further proposals from the Canadian Securities Administrators on fiat-backed stablecoins and crypto trading platforms;
- EU: MiCA provisions on stablecoins scheduled to come into effect from mid 2024. All other provisions will apply from 30 December 2024.

### **Conclusion**

Among this flurry of 2024 predications, there are some identifiable trends including:

- the impacts associated with Bitcoin halving and a spot ETF;
- a potential end to crypto-winter and increased venture capital activity;
- increasing AI integration with crypto technology;
- positive effects flowing from the deployment of blockchain scaling solutions;
- improved crypto user experience flowing from wallet abstraction and other innovations;
- continuing interest and growth in DeFi, tokenisation, web3 gaming and zero-knowledge technology; and
- despite some bright spots, continued concerns regarding global crypto regulation.

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### **US approves first spot Bitcoin ETFs**

Today, the US Securities and Exchange Commission approved the first spot bitcoin exchange traded fund (**ETF**) in a "[watershed moment](#)" that cryptocurrency advocates believe will draw new institutional and retail investors into the growing market.

The news of a first-ever US spot bitcoin ETF being approved was already in the limelight since early this week, after a fake post from the SEC's official X (formerly Twitter) account claimed the SEC:

grants approval for [#Bitcoin](#) ETFs for listing on all registered national securities exchanges

The post went viral immediately on social media and business news websites until the SEC Chair, Gary Gensler, poured cold water by saying their X account was “compromised” and the announcement was “unauthorized”. Bitcoin’s price soared sharply after the post but swiftly reversed on the confirmation of fake news.

Somewhat dramatically, the SEC finally [confirmed today that several spot bitcoin ETFs](#) have been approved for listing and trading in the US.

In his press release, Chair Gensler provides the rationale behind the approval in a begrudging tone:

We are now faced with a new set of filings similar to those we have disapproved in the past. Circumstances, however, have changed. The U.S. Court of Appeals for the District of Columbia held that the Commission failed to adequately explain its reasoning in disapproving the listing and trading of Grayscale’s proposed ETP (the Grayscale Order).

In the abovementioned Grayscale case, the court found unfavourable against the SEC, saying:

[the] denial of Grayscale’s proposal was arbitrary and capricious because the Commission failed to explain its different treatment of similar products.

By finally approving bitcoin ETFs, Chair Gensler admits the SEC will provide protections for investors by:

1. requiring bitcoins exchange-traded products to provide disclosure;
2. enabling the products to be listed on registered and regulated national securities exchanges; and
3. creating a level playing field for issuers to promote fairness and competition through the SEC’s review of the registration statements for 10 spot Bitcoin ETFs.

SEC Commissioner Peirce, a famous crypto-friendly dissenter within the SEC, issued an [official statement](#) saying the approval came too little too late. She criticises the SEC that

rather than admitting error, offers a weak explanation for its change of heart.

She also calls the SEC out for their “prejudice against the underlying asset” when deciding to reject bitcoin ETF applications, and that the SEC was essentially forced to do their job after a “judicial rebuke”

We squandered a decade of opportunities to do our job. If we had applied the standard we use for other commodity-based ETPs, we could have approved these products years ago, but we refused to do so until a court called our bluff

which had the effect of

depriving investors of the opportunity to gain exposure to bitcoin in a more convenient and investor-friendly way.

However, Commissioner Peirce did point out a silver lining behind this approval decision,

now that we know that the Commission can execute a robust correlation analysis, perhaps the road to approving other spot crypto ETPs will not be as bumpy (even if the Commission insists on continuing to apply a test it applies nowhere else).

And

I am celebrating the right of American investors to express *their* thoughts on bitcoin by buying and selling spot bitcoin ETPs. And I am celebrating the perseverance of market participants in trying to bring to market a product they think investors want

Pundits [said Bitcoin ETFs will increase distribution](#) as the product will be recommended by more financial advisors,

Because custody and holding crypto and bitcoin yourself is not easy, it's not really possible today for wealth advisors to put client money into this asset class. But with an ETF, it becomes very straightforward just like any other asset class.

Some of these analysts predicted bitcoin ETFs would help push the price of bitcoin soaring above USD\$200,000 as investors pour USD\$65 billion (AUD\$97 billion) into the US products, equivalent to about 1 per cent of the ETF market in the US.

[Australian press reports have speculated](#) that the US approval could lead to new spot Bitcoin ETF listings in Australia. ASIC has similarly imposed tough restrictions on the listing of Bitcoin ETFs and one such fund was delisted last year owing to low volumes. It remains to be seen whether the SEC's announcement sparks renewed interest in Bitcoin ETFs among issuers and investors closer to home.

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## **Full Circle: USDC issuer files for IPO**

Almost 2 years ago, the so-called "algorithmic stablecoin" [Terra and its sister coin Luna](#) dramatically collapsed – setting the stage for a prolonged crypto-winter. Yesterday Circle Internet Financial, the issuer of the world's second-largest stablecoin, USDC, [filed for an initial public offering \(IPO\)](#) in the United States.

In a press release, Circle [announced](#) that had filed a confidential draft registration statement with the Securities and Exchange Commission (SEC), the US securities watchdog, relating to the proposed IPO of its equity shares. The number of shares to be offered and the price range for the proposed offering have not yet been determined. An IPO will only take place after the SEC completes its review process, and is subject to market conditions.

[CoinMarketCap data](#) shows that USDC, Circle's popular US dollar backed stablecoin, currently has a market cap of about \$25 billion, second to Tether, the largest fiat-backed stablecoin which has a market cap of around \$95 billion.

Previously, Circle [planned to go public](#) via a [special purpose acquisition company](#) (i.e. SPAC) deal in 2021, with a February 2022 valuation reported at \$9 billion. However, Circle CEO Jeremy Allaire said that the deal fell through after his firm didn't complete the SEC's "qualification in time."

Despite [laying off](#) staff last year during the prolonged crypto bear market spurred by the collapse of Luna/Terra, FTX and others, Circle's new IPO plan reflects renewed market interest in the company, with higher interest rates contributing to increased yields on its cash and Treasury holdings, and mainstream stock markets hitting new highs.

Circle's USDC stablecoin also survived a [significant de-peg event last year](#), with one of its key banking partners, Silicon Valley Bank, experiencing a sustained bank run that resulted in it being seized by regulators.

Circle's plans follow the [SEC's approval of the first Bitcoin spot ETFs](#) this week, a watershed moment that cryptocurrency advocates believe will draw new institutional and retail investors into the growing market.

By going public, Circle would join Coinbase, one of the world's largest cryptocurrency exchanges, as one of the few publicly traded crypto companies.

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## **Visa Piloting Web3 Loyalty**

Global payment giant Visa is once again promoting Web3 technology with its new venture, the Visa Web3 Loyalty

Engagement Solution, a platform designed to enable affiliate brands to create digital wallets where they can store points and experiences on behalf of consumers.

Visa is no stranger to the Web3 space, [having purchased a CryptoPunk](#) during the height of the NFT boom, and more recently launching a pilot to send [USDC to merchants via the Solana Blockchain](#).

This initiative integrates Web3 technologies and will enable companies to offer digital collectibles and immersive experiences, while storing all rewards points in a digital wallet address. Senior Vice President and global head of issuing solutions at Visa, Kathleen Pierce-Gilmore said:

Imagine earning a unique digital collectible, whether it's from purchasing tickets for a sports event or participating in an augmented reality treasure hunt.

The new loyalty solution may revolutionise how merchants provides perks and benefits to their customers and will encourage customers to participate with brands they identify with and trust.

Our innovative Web3-based loyalty solution empowers brands to reward customers not only for their transactions but for their active engagement, paving the way for secure, seamless and immersive digital and real-world experiences at their fingertips.

By integrating Web3 technologies and utilising blockchains and digital wallets, Visa will be able to offer a more secure and user-focused online experience. Visa's move into his space is reflective of the broader industry trend towards adopting these emerging technologies.

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