

February 2022 Investor Update

ProChain in the News

[Oil price rise, Fed Rates and Cryptocurrency's Moment](#); *Fox Business News*; Mar. 3

[Russian Financiers Could Turn To Crypto To Sidestep US, European Sanctions](#); *Blockworks*, Feb 25

[As Ukraine Crisis Underscores Bitcoin as Risk Asset, Volatility May Be Here To Stay](#); *Blockworks*, Feb 25

1. **Adoption** Cryptocurrency adoption, as an investment and as a currency, is growing quickly and widely
 - a. *Investment.*
 - With financial sanctions prohibiting transactions both to and from Russia, and [cash in Ukraine becoming scarce](#), cryptocurrencies are coming into their own.
 - [Donations in crypto to Ukraine are making headlines](#); they're secure, instant, and immediately transferable to suppliers and service providers.
 - [Sanctions by crypto firms on Russian accounts are incomplete](#).
 - During recent days and weeks, [Bitcoin and crypto generally have decoupled from stock markets](#); correlation has receded
 - This is great news in justifying the need for crypto in every diversified investment portfolio.
 - **FTX**, one of the world's largest crypto exchanges, [plans to offer stock trading soon](#).
 - The tenacity and ambition of crypto exchanges, like FTX, are critical to the growth of the industry. The biggest exchanges have almost limitless war chests of capital to attract customers and adopters. If eventual crypto investors need to be attracted by more traditional trading offerings, so be it.
 - b. *Currency and Use.*
 - Currently, **NFT**-related hype surrounds artwork, avatars, and music, however, the long-term critical and essential uses surround [memorializing property ownership, such as real-property, insurance policies and securities, and personal records, such as, citizenship, licenses and medical records](#).
 - Following in the footsteps of [blockchain-powered exchange](#) startups, the **NYSE** is now contemplating similar steps.
 - **eBay** is [deeply considering accepting cryptocurrency for purchases](#).
2. **Regulation and Legal**
 - States around the US are moving quickly to support, use and invest in cryptocurrencies

- The **California** Senate has introduced a bill that would [allow residents to pay for government services in cryptocurrency](#).
 - California joins Illinois, Arizona, Wyoming, and Colorado, which have each introduced similar reforms.
- **Tennessee** has introduced a bipartisan bill to [allow municipalities and counties to invest directly in cryptocurrencies and NFTs](#).
- In **Missouri** a bill has been introduced to [exempt Bitcoin from property taxes at the state, county, and local levels](#).
- Looking to woo Bitcoin miners, **Illinois** and **Georgia** lawmakers are [introducing bills to provide tax incentives to in-State crypto miners](#).
- **BlockFi** entered a \$100mm settlement with the **SEC** over [allegations relating to the company's interest-bearing accounts that can yield up to 9% APY](#).
 - The settlement is the result of an 8-month investigation, alleging that BlockFi's interest-bearing accounts are "securities" and have not been registered and offered as required under US securities' laws.
 - BlockFi will proceed to file an S-1 and eventually broadly offer its high-yield interest-bearing account option, which would put pressure on traditional banks and lenders, that offer products that offer near-zero yields.

3. **Public Companies**

As a multi-strategy crypto-focused fund, **ProChain Capital**, invests in securities (equity and debt) of publicly traded companies that have exposure to cryptoassets and other forms of digital payments.

- Evidencing the importance of crypto mining (PoW), as expected, **Intel (INTC)** [unveiled its "Bonanza Mine" mining chip and a new mining rig, which utilizes the chip](#).
 - Intel's R&D and sales focus on the crypto mining industry is notable.
 - The chip will be **energy efficient**, relative to other mining chips.
 - Intel has already received several high-profile preorders, notably from **Block** (fka Square) and mining pool **Argo Blockchain**.
- **Universal Music Group (UMG)**, the world's largest music company, is the latest high-profile media enterprise to [announce commitment to NFTs in the Metaverse](#).
 - The case for NFTs may be strongest for artwork of all types- visual, graphic, video and audio.
- **Circle**, the issuer of the 2nd largest stablecoin, USDC, has [pushed back its planned SPAC merger and resulting public listing](#), due to a renegotiation of the merger agreement, which has resulted in a DOUBLING in the valuation of Circle.

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