

## September 2023 Investor Update

ProChain Capital increased in value **+1.57%** in **September**.

Despite historical September performance for the cryptocurrency sector and despite the broader market slump in risk assets in September (S&P 500 -3.5%), ProChain was able to gain in September. **Year-to-date**, ProChain has gained **+30.46%**.

Attached is ProChain's month-end summary sheet.

*Cryptocurrency investment is a MUST in every portfolio.*

ProChain's ordinary investor class has just a **\$100,000** initial investment minimum.

**To schedule a discussion, please reply at your convenience.**

### ProChain in the News

[UAW president 'playing with fire' by making strong demands from autoworkers](#); *Fox Business News*, Sept 19

[U.S. government shutdown could boost bitcoin price, crypto bulls say. Where is the coin heading to?](#) | *Morningstar*, Sept 28

[Hedge funds rally 'mutiny' against Grayscale over fees](#); *Pensions & Investments*, Sept 12

### Adoption

#### *Investment.*

- Another TradFi (Traditional Finance) behemoth, **Franklin Templeton**, seemingly seeing the related momentum and likely positive outcome, has filed an SEC application to [offer a spot Bitcoin ETF](#).
- In line with Grayscale's previous application to convert its Bitcoin trust (**GBTC**) into a spot Bitcoin ETF, **Grayscale** has filed an application with the SEC to [convert its Ether trust \(ETHE\) into a spot Ether ETF](#).
  - *ProChain*- Each of the foregoing is validation of the continuing momentum toward spot Bitcoin and Ether ETFs. We believe that regulatory approval will be secured by 1Q24 and will usher in a renewed level of institutional investment in the asset class, driving prices much higher.

#### *Currency and Use.*

- Like JPMorgan's "JPM Coin", **Citigroup (C)** has debuted a token service, "Citi Token Services", enabling the tokenization of customers' deposits. Some initial focus will be on the shipping

business and trade finance, which have slow to adopt technology and would immediately benefit from near-immediate payments.

- *ProChain*- As more TradFi firms adopt blockchain technology and pave the way for broader cryptocurrency adoption, leading independent cryptocurrencies (e.g. Bitcoin, Ether, etc.) will gain investment and value.
- In a troubling development, **Tether**, despite previous explicit commitments and a trend of reducing loans (of its own stablecoins, **USDT**), recently, [Tether has increased its “assets” by adding loans of its own stablecoin](#).
  - *ProChain*- Despite Tether’s explanation (“During the second quarter of 2023, we received a few short-term loan requests from clients with whom we have cultivated longstanding relationships, and we made the decision to accommodate these requests”), this is exactly the type of activity that troubles lawmakers and regulators relating to stablecoin issuers. Tether has never been a model of transparency, however, Tether was working its way to garnering broader tolerance and acceptance. This development is step backward.

### Regulation and Legal

- Bipartisan **US House of Representatives’** members voiced [explicit support for the SEC to approve a spot Bitcoin ETF immediately](#).
- A former executive of **BlackRock**, the largest spot Bitcoin ETF applicant, believes that [the SEC is likely to approve at once all ETF applications](#).
- As we summarized in early August (ProChain’s July investor commentary), a federal judge in New York (Judge Analisa Torres; SDNY) issued a summary judgment on the status of **XRP**, **Ripple’s** token, in the SEC’s case against Ripple, ruling that, among other things, XRP is not necessarily a security. In early October, [the SEC’s motion to appeal the decision was denied](#).
  - *ProChain*- The SEC remains a loser and under the gun of Congress and the US judiciary. However, in line with the radical posture of the FTC and the FCC, we do NOT expect that the SEC will change its posture, despite the pressure and losses.

### Public Companies

- **Mastercard (MA)** continues to be a facilitator for cryptocurrency broadly. In addition to all its current uses of and support for independent stablecoins, cryptocurrencies and NFTs, [Mastercard is actively and explicitly looking to support the creation and utilization of CBDCs](#) (Central Bank Digital Currencies).
  - *ProChain*- Mastercard (and Visa) are clearly ahead of the digitization curve and will benefit from any form of development and adoption.
- **MicroStrategy (MSTR)** [bought \\$150mm additional Bitcoin](#). The company’s total now stands at >\$4B.



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