

Regulated BTC Futures Important Gateways to Adoption

WEEKLY RECAP

- Total market cap. reached \$135bn (a 11.8% increase), and 7 day trading volume slumped 4.2% for top 100 crypto

WEEK AHEAD

- 5 Dec:** XRP at FinTech Connect in London
- 6 Dec:** ADA to release roadmap update

THOUGHTS OF THE WEEK

The first two regulated BTC futures were issued by CME and Cboe in December 2017, and more are currently being proposed by Bakkt and Nasdaq. We consider regulated BTC futures important gateways towards increased BTC adoption, as they bring about a number of improvements to BTC's market quality when listed on their respective exchanges.

Firstly, regulated futures provide a trusted path for traditional investors to invest into BTC. Preventing fraud and price manipulation are CFTC's publicly stated goals in regulating BTC futures. They hence tightened the BTC futures self-certification process in February 2018, one example being the requirement for higher initial margins. The initial margin of CME and Cboe BTC futures are currently set at 47% and 44% respectively, which is at least 10x higher than for CME corn futures.

Secondly, this regulatory pressure forces issuers to improve their business processes. We believe that Nasdaq will be able to satisfy CFTC's market surveillance requirements via SMARTS, a stock market surveillance system which correlates real-time and historical data of BTC. This aids in the detection and prevention of spoofing and wash trading. Apart from SMARTS, VanEck's MVIS facilitates price transparency by tracking three major OTC BTC liquidity providers, thus mitigate the possibility of BTC price manipulation.

Thirdly, the physical settlement of futures creates a need for a robust supporting ecosystem. Bakkt's proposed physically-settled BTC future is currently being reviewed by the CFTC. It is however worth noting that the CFTC has not yet approved any BTC futures with physical settlement, as these are consider more susceptible to price manipulation (compared to cash settlement futures). We further believe the protection of physically-delivered BTC against thefts and hacks to be of concern to the CFTC. The chance of approval for physically-settled futures will be significantly higher if qualified custodian solutions exist in the market to support future offerings.

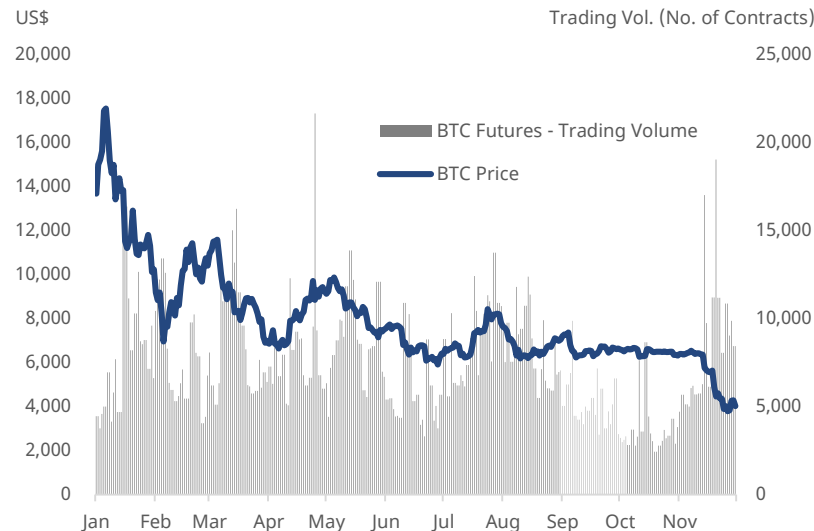
We thus believe that regulated BTC futures may improved the BTC market quality via enhanced market transparency, liquidity, and trust. As noted in our chart of the week, the demand for BTC futures has remained relatively strong despite the bearish 2018 market. Regulated BTC futures may provide a trusted gateway for more investors to join this market.

TOP CRYPTO PERFORMANCE SUMMARY

Name	Price	7D%	Vol.	7D%	Mkt Cap.	% Total Mkt
BTC	\$4,009.99	6.40%	35.99bn	2.40%	69.79bn	51.55%
XRP	\$0.36	3.61%	3.19bn	-42.37%	14.50bn	10.71%
ETH	\$112.72	4.47%	13.01bn	-5.28%	11.67bn	8.62%
XLM	\$0.16	7.28%	0.53bn	-22.48%	2.97bn	2.20%
BCH	\$164.95	-3.95%	0.54bn	-17.99%	2.86bn	2.13%
EOS	\$2.82	-10.76%	5.05bn	-11.29%	2.56bn	1.89%
USDT	\$1.00	1.54%	23.39bn	-10.06%	1.85bn	1.36%
BSV	\$94.55	8.21%	1.00bn	163.65%	1.65bn	1.22%
ADA	\$0.04	13.33%	0.18bn	-14.13%	1.04bn	0.77%
XMR	\$57.71	3.02%	0.09bn	-24.90%	0.96bn	0.71%

CHART OF THE WEEK

BTC Price and BTC Futures Trading Volume in 2018



TOP CRYPTO NEWS AT A GLANCE

Amazon announces the debut of Quantum Ledger Database (QLDB) and Managed Blockchain: QLDB provides a transparent, immutable and cryptographically verifiable log of transactions. Managed Blockchain enables user to track memory storage and usage of computer.

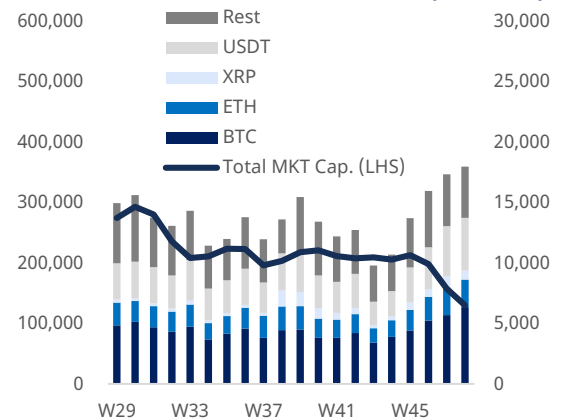
The LabCFTC of the U.S. Commodity Futures Trading Commission (CFTC) issues a primer on Smart Contracts: The primer outlines smart contracts can perform complex use cases such as self-executing insurance and settlement of credit default swaps.

The South Korean government is testing the use of blockchain for an electronic voting system: The trial period is scheduled in December, and the National Election Commission (NEC) is considering the use of artificial intelligence (AI), big data and internet of things (IoT) as future upgrades to the voting system.

NETWORK FUNDAMENTALS

	BTC	ETH
Hashrate	37,987,563 TH/s (-8.6%)	190,871 GH/s (-12.6%)
# Wallet Users	31,093,855 (+0.9%)	48,589,776 (+1.4%)
Top 3 Miners	BTC.com (18%) AntPool (13%) SlushPool (11%)	Ethermine (27%) SparkPool (18%) F2 Pool (13%)

MARKET CAP & TRADING VOL. (US\$ MN)



Please see important disclosure on next page.

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WEEKLY SUMMARY | 26 NOVEMBER – 2 DECEMBER

DISCLAIMER

Abbreviations: ABC: Adjustable Blocksize Cap; ADA: Cardano; AI: Artificial Intelligence; BCH: Bitcoin ABC; BCH SV: Bitcoin Satoshi Vision; bn: billion; BTC: Bitcoin; Cboe: Cboe Global Markets, Inc.; CFTC: The Commodity Futures Trading Commission; CME: CME Group Inc.; crypto: cryptocurrencies; ETH: Ethereum; IoT: Internet of things; Market Cap: Market Capitalization; mn: million; MVIS: MV Index Solutions; NEC: National Commission Election; Nov: November; OTC: Over the counter; QLB: Quantum Ledger Database; Trading Vol.: Trading Volume; US\$: United States Dollars; USDT: USD Tether; XLM: Stellar Lumens; XMR: Monero; XRP: Ripple

Chart of The Week: Sources: Cboe Global Markets, Inc., CME Group Inc., Coinmarketcap, Standard Kepler Research

Market Cap & Trading Vol.: Sources: Coinmarketcap, Standard Kepler Research
The horizontal axis represents the week number in 2018. For instance, W29 indicates the twenty ninth week in 2018. The primary vertical axis represents total market capitalization; and the secondary vertical axis represents total trading volume.

Network Fundamentals: Sources: Blockchain.com, Blocktrail, Etherchain.org, Etherscan.io, Standard Kepler Research

Thought of The Week: Sources: Bakkt, Blockcast.it, Bloomberg, Cboe Global Markets, Inc., CCN, CME Group Inc., Coindesk, Coinmarketcap, Cointelegraph, Nasdaq, Standard Kepler Research, The Commodity Futures Trading Commission

Top Crypto News At a Glance: Sources: Blockcast.it, CCN, Coindesk, Cointelegraph, Standard Kepler Research

Top Crypto Performance Summary: Sources: Coinmarketcap, Standard Kepler Research

Week Ahead: Sources: Cryptocalendar.pro, Standard Kepler Research

Weekly Recap: Sources: Coinmarketcap, Standard Kepler Research

Past performance does not guarantee future results.

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The price of Bitcoin and other cryptocurrencies are highly volatile in nature. It is suggested that clients should perform their own due diligence and consult a fully qualified independent professional financial adviser before making any investments in cryptocurrencies.

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Unless otherwise stated, all data is as of December 2, 2018 or as of most recently available.

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