

BTC \$100k Breakthrough Ends in Liquidation Reversal

Bitcoin breaks through \$100k, but falls back below in a liquidation cascade. Celsius' Alex Mashinsky pleads guilty. Trump nominates pro-crypto Paul Atkins for SEC chair, and seized BTC is on the move to exchanges. In Trending Topics, we discuss the success of crypto ETFs, and U.S. politicians buying... memecoins?

This Week's Main News

Bitcoin breaks through \$100k, quickly reverses

BTC finally broke through the \$100,000 ceiling yesterday, but ultimately tumbled back below amid a cascade of liquidations.

After reaching into six-figure territory, BTC spent around 18 hours above the round \$100k figure before long positions were put under enough pressure to trigger a liquidation cascade. According to Coinglass data, over \$1bn in liquidations across the crypto market were recorded in the past 24 hours, with longs being liquidated for \$740mn.

BTC peaked at around \$104,000 yesterday. The aggressive selloff sent prices as low as \$90,500 on Binance and \$92,000 on Coinbase. The leading crypto asset is currently trading at \$98,000.

Celsius' Mashinsky pleads guilty

Alex Mashinsky, the founder and former CEO of Celsius Network, pled guilty on Tuesday to charges of commodities and securities fraud in a New York federal court.

Mashinsky confessed to misleading customers regarding the financial health of Celsius and manipulating the value of the platform's native token, CEL, for personal benefit.

Celsius went bankrupt in 2022, leaving \$4.7bn in customer assets trapped, although repayments to creditors began this year. \$2.53bn was repaid in January, and a second repayment of \$127mn was initiated just one week ago. The total recovery rate at this time stands at 60.4% of eligible claims.

As part of the plea agreement, Mashinsky will forfeit \$48mn and faces a maximum sentence of 30 years in prison, with sentencing scheduled for April 8 next year.

Trump nominates Paul Atkins for SEC chair

President-elect Donald Trump has nominated Paul Atkins to take the top job as Chairman of the SEC.

Atkins, a former SEC commissioner, is recognized as pro-crypto given he co-chaired the Chamber of Digital Commerce's Token Alliance. His nomination has been celebrated by the crypto public.

Atkins previously served as an advisor to the Reserve Rights Foundation, the body behind the RSR token. RSR gained 166% on the day Atkins was confirmed as Trump's pick.

Trump also announced yesterday that he has picked former Paypal COO David O. Sacks to be his "A.I. and Crypto Czar." Details on the new White House role are scarce, but Sacks will be responsible for developing a legal framework for crypto in the U.S. to provide the sector with more clarity.

Seized BTC is on the move

Defunct crypto exchange Mt. Gox transferred 27,871 BTC (\$2.8bn) to a new wallet on Wednesday. These movements have typically preceded repayments via centralized exchanges.

The U.S. government also moved some of its BTC stores this week, sending 10,000 BTC to Coinbase Prime and another 9,800 BTC to a separate wallet.

This activity has led to speculation that BTC will be met with increased sell pressure as it tackles the \$100k frontier.

In a sentence

- MicroStrategy acquires \$1.5bn worth of BTC
- Trump congratulates bitcoiners on \$100,000 milestone
- Circle lays off nearly 6% of workforce

Trending Topics

Crypto ETFs Continue Monumental Growth

U.S. spot Bitcoin ETFs have been a core feature in BTC's run to \$100k. The exchange-traded products have made crypto investment more accessible and mainstream for both institutions and retail investors.

Just how popular the ETFs would prove to be, however, has exceeded almost all expectations. This week, BlackRock's spot BTC ETF (IBIT) reached a milestone of holding 500,000 BTC (~\$49bn). This represents about 2.38% of BTC's total capped supply, cementing BlackRock's status as a major player in the market. Meanwhile, ETH ETFs saw record net inflow yesterday of \$428mn. Blackrock's ETHA has taken in \$800mn over the last 5 days.

The rise of funds like IBIT highlights the growing interest from institutional investors in crypto. Beyond accessibility, crypto ETFs are also helping

the market mature. Together with the recent launch of ETF options, the market now has improved liquidity, more efficient price discovery, and added credibility to the space.

As institutional interest in crypto heightens, the push for more spot ETFs will follow. This week, Grayscale filed with the SEC to convert its Solana Trust into a spot ETF. Grayscale joins VanEck, 21Shares, Canary Capital, and Bitwise, in seeking to launch SOL ETFs.

The outlook for approval of crypto ETFs outside of BTC and ETH looked bleak with a Gensler-led SEC, with many speculating a timeline of years for such products to be launched. However, with an oncoming regulatory shift and the impressive success of existing crypto ETFs, market participants now expect more crypto ETFs are on the horizon.

Politicians Are Now Buying... Memecoins?

Market excitement is building as Bitcoin has made its way into six-figure territory. However, it is not just crypto natives that are enjoying themselves.

U.S. Representative Michael Collins has garnered attention for his crypto activities. This week, Collins disclosed purchases of the memecoin "Ski Mask Dog" (SKI), investing between \$1k and \$15k in two separate transactions. Following his investment, SKI's price surged nearly 70%, reaching over \$0.25.

The U.S. crypto industry enjoys an air of optimism as it begins a new favorable chapter following the Republican sweep, as evidenced by Trump's pro-crypto administration picks. However, market participants did not expect the turnaround in sentiment to be so drastic, such that U.S. politicians would be buying memecoins and engaging in crypto Twitter banter.

Recently, the industry has faced a barrage of regulatory scrutiny from the SEC and CFTC. Most attention from politicians came from prominent anti-crypto figures such as Elizabeth Warren – leader of the "anti-crypto army". Some U.S. crypto founders claim to have been denied access to banking due to an orchestrated crypto crackdown called "Operation Chokepoint 2.0."

Now, politicians are buying memecoins and the likely new head of the SEC, Paul Atkins, is an outspoken crypto advocate.

Although Rep. Collins' Twitter banter was well received, many have noted it adds to a growing list of signals indicating a frothy market, including; MicroStrategy premiums, crypto wallet Phantom climbing leaderboard positions in the AppStore, and huge rallies in "old" coins such as XRP.

Recommended Reading

From our analysts

- **Consolidating in the 90's**: CME open interest plunge post settlement, leveraged ETH ETF exposure surges further, MicroStrategy adds more BTC while the U.S. government reactivates wallets.
- **Pump Up The Base**: Base has drawn in a ton of capital as it establishes itself as the leading Ethereum L2. Will this trend continue? What's happening on Base to attract all this capital? Navigating Narratives has a closer look.

Reading

- **Why Corporates Will Default to Public Chains in the Future**: Businesses used to prefer private chains, but they will make the shift. Opinion piece from EY's Paul Brody.