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Smart Unicorns discovered: Uniswap is deploying on Binance Smart Chain



There are exciting times ahead for the Uniswap ecosystem after they successfully voted to launch their decentralised exchange (DEX) protocol onto the BNB Chain ecosystem. This move, which is highly anticipated by the community, has garnered significant attention in the DeFi space. In this write-up, we will take a closer look at the reasons behind this move, who was involved, and how it all came to be.

In December 2022, the founder of Plasma Labs, known as Ilia OxPlasma, proposed the launch of Uniswap v3 on the BNB chain. Having been restricted to ERC-20 tokens on the Ethereum network thus far, Ilia saw this as a “missed opportunity for Uniswap to expand its reach and potentially drive further growth and adoption of DeFi”.

Additionally, it may be critical for Uniswap to grab a greater share of the DEX market and cement its position before the licence that protected Uniswap v3 contracts expires in April. After this point, anyone will be able to copy and repurpose Uniswap v3 code onto any chain, creating an opportunity for quick profits – especially for chains with high volumes of DEX trading activity, such as the BNB Chain. Before Uniswap can be deployed onto the BNB Chain, the Uniswap community will need to decide which bridge it will use to enable cross-chain governance between Ethereum and Binance’s BNB Chain.

In the Uniswap thread, a number of bridge options were discussed – with Wormhole and

LayerZero emerging as the strongest contenders. Both protocols are backed by influential venture capital (VC) firms. LayerZero is backed by a16z and Sequoia Capital, while Wormhole is backed and co-developed by Jump Crypto and associated with other VCs, such as Parafi Capital. The debate for choosing between the two protocols centred around how they balanced decentralisation, security, and immutability.

LayerZero claimed to be a more decentralised option that would give Uniswap complete control over the bridge’s infrastructure. Wormhole, on the other hand, relies on a relatively limited set of 19 validators along with a history of being compromised; but does have a history of recovery and expansion. One of LayerZero’s biggest backers, a16z, claimed they could not vote on the bridge proposal due to their UNI tokens being held in custody by Fireblocks – however they were later able to vote for Uniswap to be deployed on the BNB Chain. In the end, the community voted in favour of Wormhole.

The next battle began soon after, with the proposal for Uniswap to be deployed on BNB Chain going up for a vote. As expected, a16z opposed it with their 15 million UNI tokens in what was arguably an unfair fight between the wider decentralised community and a VC firm throwing its weight around. This raised questions about the influence VCs have in decentralised protocols, as those who hold more governance tokens typically have more voting power. This was something outlined by Ethereum founder Vitalik Buterin on the potential pitfalls of DAO voting structures; those with large holdings can potentially sway votes and undermine decentralisation efforts.

However, the wider community rallied together, with the proposal passing with 66% of the vote in favour of deploying Uniswap on BNB Chain. The move was supported by almost two-thirds of the DAO delegates, including influential figures of Ethereum’s core development team,



ConsenSys, and Compound Finance's Robert Leshner. PancakeSwap, the largest DEX on Binance Chain, will be Uniswap's main competitor when it launches. Uniswap is rushing to deploy its new version before 1 April to avoid replication by imitation platforms, as well as other DEXs copying its v3 contracts and deploying them on BNB Chain first.

Despite opposition from well-established players, the decision to deploy Uniswap on Binance Chain was ultimately decided by the community through decentralised governance. This demonstrates the power and effectiveness of community-driven decision-making in a decentralised system, where all members have an equal say and vote on the direction of the protocol. This result helps to reinforce the belief in decentralised governance to ensure fair and democratic decision-making processes. Our aim is always to learn from outcomes like this, even though we are never surprised in this space!

Uniswap v3's secret sauce: Concentrated Liquidity

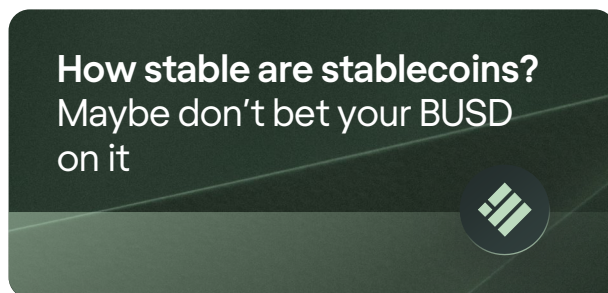
Uniswap v3 allows users to concentrate their liquidity by defining a minimum and maximum price range for providing it. This is different from earlier versions of AMMs (automated market makers) where liquidity was distributed uniformly along the whole price range. With concentrated liquidity, users can focus their capital deployments where they expect to earn the most fees.

In Uniswap v3, if the current price falls outside of the user's defined price range, their liquidity will be depleted, and they will no longer earn fees. To optimise returns, liquidity providers must actively manage their price ranges in a volatile market. This creates a balance between earning more fees with a smaller price range and

reducing the risk of losing liquidity with a larger range. Overall, concentrated liquidity in Uniswap v3 provides a game-theory incentivised way of deploying capital.

Source

[Uniswap.org](https://uniswap.org)



Despite the prevalence of pegged assets — those that retain a consistent value with a currency or commodity — in the digital assets market, market participants face a significant challenge when hedging against the risks of stablecoins de-pegging. With stablecoins accounting for a value of over \$140 billion, amounting to 14% of the entire cryptocurrency market cap value, and the ETH LSD (Liquid Staking Derivatives) market worth more than \$10 billion, pegged assets are critical to the underlying structure of the digital asset market.

However, recent developments have left the industry on edge. Paxos, the issuer and manager of the Binance-branded stablecoin, BUSD, is facing legal action from the SEC for allegedly selling BUSD as an unregistered security. The New York Department of Financial Services (NYDFS) has also ordered Paxos to stop minting BUSD due to several unresolved issues concerning its relationship with Binance. In response, Paxos severed its ties with Binance for BUSD, leading to 900 million token redemptions in two days.

The regulatory pressure doesn't stop there. Another player in the digital assets market,



Coinbase, could also be caught in the SEC's net as it focuses efforts on staking in the US. Coinbase has cbETH as its LSD offering, and with the SEC's recent focus on regulating by enforcement, it may be the next target.

All these developments suggest that the stability of stablecoins might not be as reliable as previously thought, which could have far-reaching consequences for the entire digital assets market. The uncertainty and volatility surrounding stablecoins and pegged assets highlight the need for regulatory clarity to ensure the integrity and stability of the financial market. Until then, digital asset users may have to brace themselves for the possibility of bumpy rides ahead.

Sources

[Bloomberg](#)



[Gulf News](#)



Bitcoin's first ripple went on to rock the financial world



The introduction of Bitcoin set off a chain of events that have had a profound impact on the financial world. By looking back at the origins of Bitcoin and tracing its development, we can gain a better understanding of the initial spark that ignited the cryptocurrency revolution, and the ripple effects it has had in the years since. With each passing year, the cryptocurrency market grows more complex, and its impact becomes wider-reaching, making it all the more important to keep a close eye on its evolution and understand the initial pebble that started the first small ripple.

Bitcoin was created in 2009 by an anonymous individual or group known as Satoshi Nakamoto. It was initially used by a small community of tech enthusiasts and libertarians who were attracted to its decentralised, peer-to-peer architecture and the promise of a new, frictionless global currency. As more people recognised its potential, its value began to rise, and it attracted the attention of investors and entrepreneurs. Bitcoin sparked the growth of new technologies and applications, including different blockchain technologies, smart contracts, DeFi protocols and NFTs. Bitcoin has arguably become mainstream, with its market capitalisation surpassing \$1 trillion in 2021. Starting out as a simple digital currency and evolving into a complex financial ecosystem with digital asset exchanges, wallets, custodians and payment processors.

In May 2020, Bitcoin went through its third "halving," designed to help control inflation and maintain the cryptocurrency's scarcity. The global pandemic and economic uncertainty led to increased interest in Bitcoin as a potential safe-haven asset, resulting in a surge in its value throughout the year. Major companies and institutional investors began allocating significant funds to Bitcoin as a hedge against inflation and a potential future currency. In 2021, Bitcoin's value continued to rise, reaching an all-time high of over \$64,000 in April. However, as it grew, the cryptocurrency faced increased scrutiny from regulators and governments. In May 2021, China cracked down on Bitcoin mining and trading, while the US' SEC took action against some cryptocurrency projects and exchanges for alleged securities violations. Environmental concerns over the energy usage of Bitcoin mining also became a prominent issue, with companies and investors seeking to address the problem through more sustainable mining practices and investing in renewable energy projects.

Bitcoin continued its ascent towards mainstream adoption in 2022, with an increasing



number of companies, institutional investors, and countries adding the digital asset to their portfolios. However, as the digital asset market has gained more attention and scrutiny from regulators, we have seen a growing focus on increasing regulatory oversight and control over the rails that support Bitcoin and other digital assets. This has put pressure on service providers to comply with securities laws, as regulators seemingly seek to exert greater control over the digital asset market. Despite these challenges, the pace of innovation in the space continues to accelerate, with the integration of more advanced smart contract capabilities and the development of second-layer scaling solutions leading to enhanced functionality and utility of Bitcoin and other digital assets.

One particularly exciting development has been the integration of Bitcoin as a platform for NFTs. Primarily, NFTs are best-known from the Ethereum and Solana chains, but Bitcoin is now able to inscribe NFTs on Satoshis, the smallest unit of Bitcoin, to create digital asset NFTs that are unique, secure and transferable. This has been made possible by the Taproot upgrade, which was launched in November 2021 and has enabled greater flexibility and functionality in the development of decentralised applications on the Bitcoin blockchain.

Looking ahead, it's challenging to predicate what the future holds for Bitcoin, but one thing is certain – the digital asset has yet to fully establish its position in the financial markets. As traditional players increasingly recognise Bitcoin as a worthwhile asset to include in their portfolio, and regulatory frameworks become more standardised and well-defined, we can expect to see further widespread adoption.

Our mission is to unlock the full potential of digital assets and foster their seamless

integration into the broader financial landscape. To achieve this, we are developing innovative products like [ClearLoop](#) that allow for efficient and secure trading while increasing the safety measures for your digital assets. Looking ahead to 2023 and beyond, we aim to empower institutions to fully leverage the benefits of these transformative technologies and drive forward the evolution of the financial ecosystem.

Source

[Fidelity Digital Assets](#)



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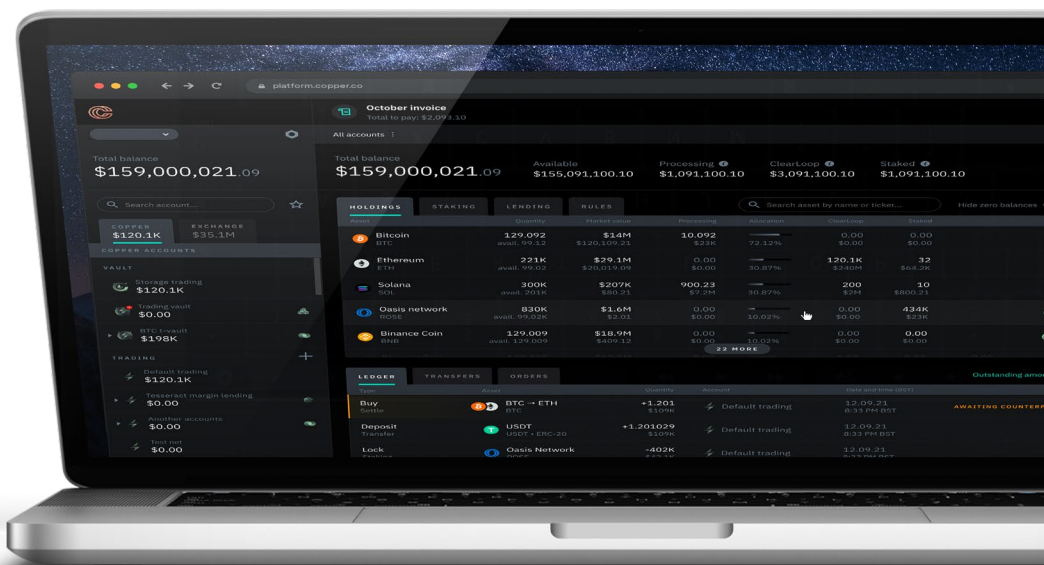
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