

*Welcome to Morgan Creek Digital's weekly digital asset update. It is comprised of a thought piece from our team followed by a summary of what we consider the most compelling digital asset news during the last week. We hope you find this content interesting. Please let us know if you have any comments or questions or if you would like to speak to a member of the [Morgan Creek Digital team](#).*

## **Welcome Blockdaemon!**

This week, Morgan Creek Digital announced its investment in Blockdaemon Inc., a Proof-of-Stake (PoS) infrastructure provider for institutional clients. Blockdaemon's service offering includes validator services for 40+ PoS blockchains as well as query and transaction transmission nodes for investors and developers. PoS is a consensus mechanism that could increase the speed and efficiency of networks. The concept is that a person's mining power or ability to validate block transactions is based on how many coins they own, an alternative to Proof-of-Work (PoW), which requires all network miners to churn through energy-intensive computational puzzles in order to validate transactions.

Staking allows selected network participants to add new batches on-chain and earn crypto rewards which may incentivize accountability and validity of transactions. For complex protocols like Ethereum and its growing DeFi applications, PoS can potentially eliminate bottlenecks and strenuous activity needed for Proof of Work. In addition, if fewer miners/validators are available due to diminishing returns, PoS may still incentivize network members to validate transactions due to their vested ownership of tokens. Institutional clients who possess tokens in PoS blockchains can earn token rewards by operating validator nodes or delegating their tokens to Blockdaemon for staking. In addition to validator services, investors and developers can also query PoW and PoS blockchains to obtain data or create and broadcast transactions using Blockdaemon's servers.

Morgan Creek Digital joins a group of investors in the Series B round, including SoftBank Vision Fund 2, Matrix Capital Management, Sapphire Ventures, and follow-on investors from the prior Seed round: Boldstart Ventures, Goldman Sachs, Greenspring Associates, Kenetic, Kraken Ventures, Borderless Capital, and others. In June, the company raised \$28 million in a Series A round led by Greenspring Associates and Goldman Sachs. In this most recent capital round, Blockdaemon raised \$155 million at a valuation of \$1.3 billion, and MCD's investment size for this round was \$5 million. The company aims to allocate its capital for international expansion, namely Singapore, Japan, the U.K., and Germany. In addition, a Blockdaemon priority is to make strategic acquisitions that would enable it to build out its tech stack.

*"This latest large infusion of capital will ensure that we continue to revitalize existing financial infrastructure...We are committed to a future of decentralized financial infrastructure and accelerating the ease of integration to bridge traditional banking to the crypto ecosystem."*

- *Konstantin Richter, Blockdaemon CEO and founder*

We believe Blockdaemon is well-positioned to capitalize from the growth of capital

investments in PoS blockchain networks as blockchain platforms and incumbent technology firms compete to build industry-leading infrastructure. In January, cryptocurrency exchange Coinbase acquired Bison Trails,<sup>1</sup> and in May, Alchemy completed an \$80 million Series B round at a \$505 million valuation.<sup>2</sup> Figment raised \$50 million to develop its infrastructure across the PoS segment three months later.<sup>3</sup> MCD is excited to engage in this partnership and explore further synergies with its existing portfolio.

Once again, we welcome Blockdaemon!

## THE RUNDOWN:

**China bans financial, payment institutions from cryptocurrency business:** China has banned financial institutions and payment companies from providing services related to cryptocurrency transactions, and warned investors against speculative crypto trading. Read more [here](#).

**Twitter rolls out Bitcoin tipping, safety features in product push:** Twitter Inc. will now allow people to tip their favorite content creators with bitcoin and will also launch a fund to pay some users who host audio chat rooms on its Spaces feature, the company said on September 23<sup>rd</sup>. Read more [here](#).

**Elon Musk wants Dogecoin fees reduced to make purchases cheaper:** A Dogecoin enthusiast, Musk has been the most popular crusader of the meme cryptocurrency whose tweets are known to contribute to the price volatility of the coin. Shibetoshi Nakamoto the co-creator of Dogecoin, said, "Robinhood announcing wallets, AMC CEO not only talking about accepting Dogecoin but saying it was the single most interacted with a tweet he has ever made, the crypto market finally seeing some green. I gotta say..." Read more [here](#).

**CoinDCX launches sign language learning module on cryptocurrency:** On the occasion of International Sign Language Day, cryptocurrency exchange CoinDCX last Thursday launched a **specialty designed learning module** on blockchain and cryptocurrency for the hearing-impaired community. The module, which is in sign language and free for all, is available at the company's education learning portal - DCX Learn, a release said. To create this course, DCX Learn has collaborated with Yunikee.com, a startup that helps organizations and NGOs build products and services for the hearing-impaired community in Indian sign language. Read more [here](#).

<sup>1</sup> <https://www.coindesk.com/business/2021/01/19/coinbase-buys-blockchain-infrastructure-startup-bison-trails/>

<sup>2</sup> <https://www.coindesk.com/business/2021/04/28/aws-for-blockchains-alchemy-closes-80m-funding-round-at-505m-valuation/>

<sup>3</sup> <https://www.coindesk.com/markets/2021/08/16/figment-raises-50m-to-build-up-proof-of-stake-infrastructure/>

### Important Disclosures

The above information reflects the opinions of Morgan Creek Digital as of the time this is written and all such opinions are subject to change. No representation or warranty, express or implied, is given by Morgan Creek Digital as to the accuracy of such opinions, and no liability is accepted by such persons for the accuracy or completeness of any such opinions.

### No Warranty

Neither Morgan Creek Capital Management, LLC nor Morgan Creek Digital warrants the accuracy, adequacy, completeness, timeliness, or availability of any information provided by non-Morgan Creek sources.