BITFINEX Alpha

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EXECUTIVE SUMMARY

Early indications, following the sharp sell-off in Bitcoin seen on Saturday after Iran launched drones and other missiles towards Israel, was that the correction was more a futures-driven move than a fundamental one.

Friday and Saturday last week recorded the largest two day liquidations - at over $1.8 billion - in crypto history, but a key metric that emerged following the selldown was that funding rates in crypto perpetual markets neutralised, and even turned negative across a few altcoins, suggesting that this correction has been healthy and volatility may even reduce. The rebound in BTC to $65-66,000, after going below $60,000 in futures markets on Saturday, suggest the market took the sell down in its stride.

More fundamental to Bitcoin price dynamics is this week's halving, which as it approaches has seen a notable surge in BTC leaving centralised exchanges, and a decrease in the inactive supply of BTC that has not moved in over a year, to an 18-month low.

This seems indicative of Long-Term Holders (LTHs) either continuing to trim their holdings or moving their assets off exchange. There has certainly been an observable shift in the makeup of the Bitcoin investor base, with new entrants (Short-Term Holders) absorbing the supply sold by LTHs. This is evidenced by the rising Market Value to Realised Value ratio for STHs, albeit it is still below peak levels seen in previous cycles. If this dynamic of STHs absorbing LTH sell downs persists, then it could indicate room for further price growth.

All this is taking place against the backdrop of a US economy where inflation looks like it still has some fight left in it, and any prospect of early cuts in interest rates, rapidly diminishing. March consumer prices rose unexpectedly, and even more gentle increases in producer prices has not brought much optimism back into the market.

The broader labour market continues to exhibit strength and small businesses are increasingly feeling the pinch of inflationary pressures, with many reporting hikes in their selling prices and plans to further increase prices in the near future. This trend underscores ongoing inflation challenges and supports the Federal Reserve's cautious stance towards any immediate reduction in policy rates.

Adding to the economic uncertainty, consumer confidence dipped in April, influenced by persistent inflation and an uptick in fuel costs over the previous quarter. This decline in consumer sentiment, alongside the broader economic indicators, suggests that interest rate cuts may come only as late as September.

In crypto news this week, Uniswap, the leading decentralised finance platform, announced that it had received a Wells notice from the US Securities and Exchange Commission, which is arguing that it is offering unregistered securities on its platform. Uniswap is contesting this, arguing in particular that certain tokens, such as stablecoins and utility tokens, should not fall into this classification.

In Europe, regulatory developments are also shaping the operations of crypto exchanges. Kraken announced the delisting of Monero, a privacy-focused crypto asset, for its customers in Ireland and Belgium, apparently responding to its need to be compliant with new EU Anti-Money Laundering Regulations.

On the more positive side however, Bitfinex Securities El Salvador S.A. de C.V, the El Salvador registered securities platform of Bitfinex, announced it was launching a tokenised debt issue to fund the construction of a new Hampton by Hilton hotel complex at El Salvador International Airport. It marks the first issuance to be arranged and traded on Bitfinex Securities El Salvador since it became the first licensed entity under the country's Digital Asset Securities Law. Bitfinex said it has a healthy pipeline of additional future issues that it expects to eventually bring to market.

Have a good trading week!

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WHAT'S ON-CHAIN THIS WEEK?

Bitcoin Halving Event Spurs BTC Exchange Outflows Alongside Inactive Supply Mobilisation

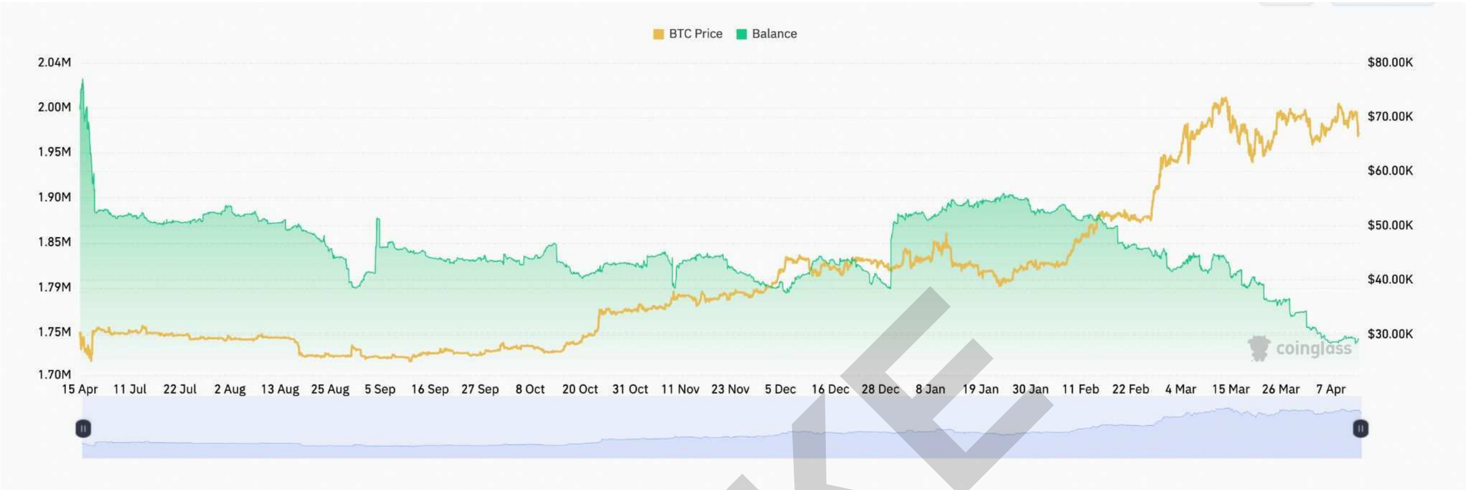

Figure 1. Bitcoin Exchange Supply (Source: Coinglass)

As the Bitcoin halving draws near—expected by Saturday April 20th—the amount of BTC leaving exchanges has hit its highest point since January 2023 last week. Simultaneously, the one-year-plus inactive supply, that is the total number of BTC that has not been moved in over 365 days has plummeted, this implies that the market is at a major inflection point.

On Friday, April 12th, the net amount of BTC that left centralised exchanges (CEXes) was 6,767 BTC which is the highest daily outflow since January 2023. This trend on face-value suggests that investors are stocking up on BTC and moving their holdings to cold storage in anticipation of potential price increases post-halving, a period when the reward for Bitcoin mining is halved, thus reducing the supply of new BTC supply entering the market.

Figure 2. Bitcoin: Long Term Holder Supply (Source: Look into Bitcoin)

The current actions of Bitcoin holders mirror those seen in December 2020, just before a significant rise in the Bitcoin market. This pattern suggests we may be entering a similar growth phase. Over the past month, we have seen long-term holders (LTHs)—investors who have held their BTC for more than 155 days—actively selling off their coins at a rate of about 16,800 BTC daily.

Drawing from previous cycles, this trend typically lasts about seven months and is often a precursor to a market downturn, suggesting we may be six months out from the BTC peak for this cycle. It is however, important to note that this cycle is different and more “compressed” as prices have been moving up faster in comparison to previous cycles and BTC has recorded a new All-Time High) prior to the halving as a result of this. In general, LTH supply decreases gradually before BTC reaches its peak value later in the cycle. If the price holds up relatively well even when whales and long-term holders are distributing, that means that the market is absorbing their selling effectively. If this pattern holds true, then the current drop should be taken as a positive sign as the declines we have been seeing are not as pronounced in comparison to previous pre-halving sell-offs.

Figure 3. Bitcoin Long Term Holder Supply (Source: Look Into Bitcoin)

While seasoned investors sell their holdings, new investors are buying in, balancing the selling pressure. These newcomers begin to see unrealised gains as the price of BTC climbs. Market volatility such as this has historically triggered buying enthusiasm among short-term holders. The Market Value to Realised Value (MVRV) ratio, which compares the market price to the average acquisition price, shows that for short-term holders (STHs), defined as those who have held BTC for less than 155 days, the ratio stands at 1.3 (refer Figure below). This puts it below the 1.8 threshold that was previously correlated with the Bitcoin peak in the last two cycles.

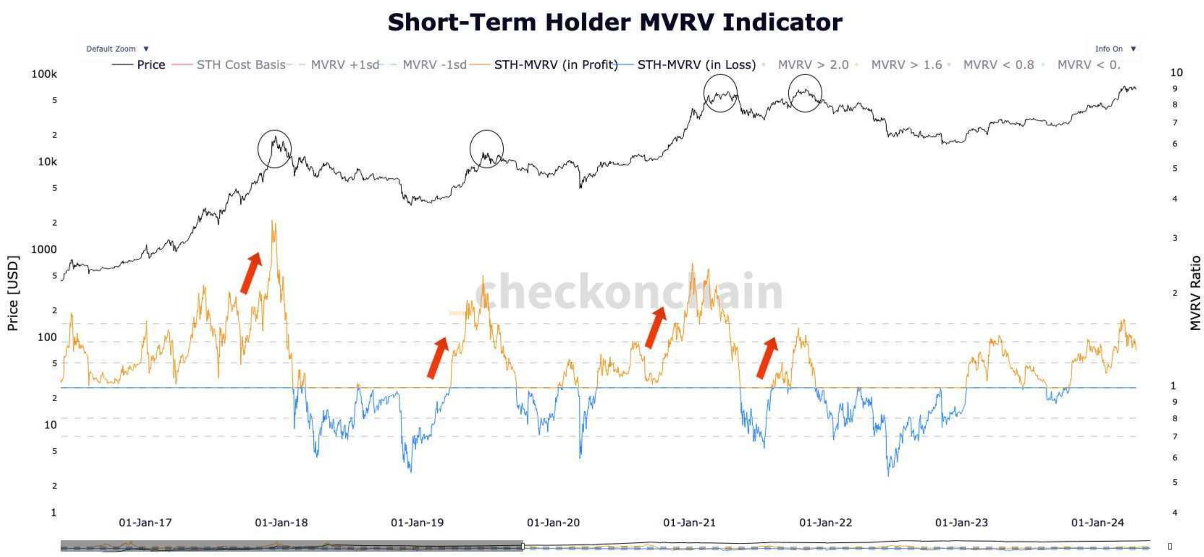

Figure4 . Short-Term Holder MVRV Indicator (Source: Check OnChain)

With fewer coins now being held by LTHs, it's clear that more recent trades involve newer investors. On a historical basis, a cycle peak in prices usually occurs several months after an increase in new STHs (see figure above).

Figure 5. Supply Last Active 1+ Years Ago And BTC Price. (Source: MacroMicro)

Currently, the percentage of Bitcoin not moved for over a year has fallen to an 18-month low (refer Figure above). This trend suggests LTHs, who were inactive for at least a year, are initiating transfers, potentially to capitalise on gains. We have previously covered how outflows from the Grayscale Bitcoin Trust ETF and LTHs selling are correlated. Past data shows that bull markets also tend to peak as the percentage of the inactive supply bottoms out and begins rising. Currently, the inactive supply has not yet bottomed out, and its gradual decline is regarded as just an early inception phase for the market.

As older investors take profits, Bitcoin shrimps and STH cohort investors typically acquire those coins, often at a higher price. This ongoing exchange can be visualised through the Realised Cap HODL Waves (see Figure below), particularly by observing the share of wealth held by coins that are younger than 6 months.

During previous bull markets, the aggregate share of wealth in Bitcoin held by coins less than 6 months old peaked at levels ranging between 84 percent and 95 percent. This high percentage indicates that the market is heavily dominated by newer holders, and suggests a saturation point where the majority of the coins were held by recent buyers.

Since the beginning of 2023, there has been a notable increase in this metric. Specifically, the share of coins younger than 6 months in the Bitcoin network’s wealth has risen from 20 percent at the beginning of 2023, to 47 percent currently (refer Figure below).

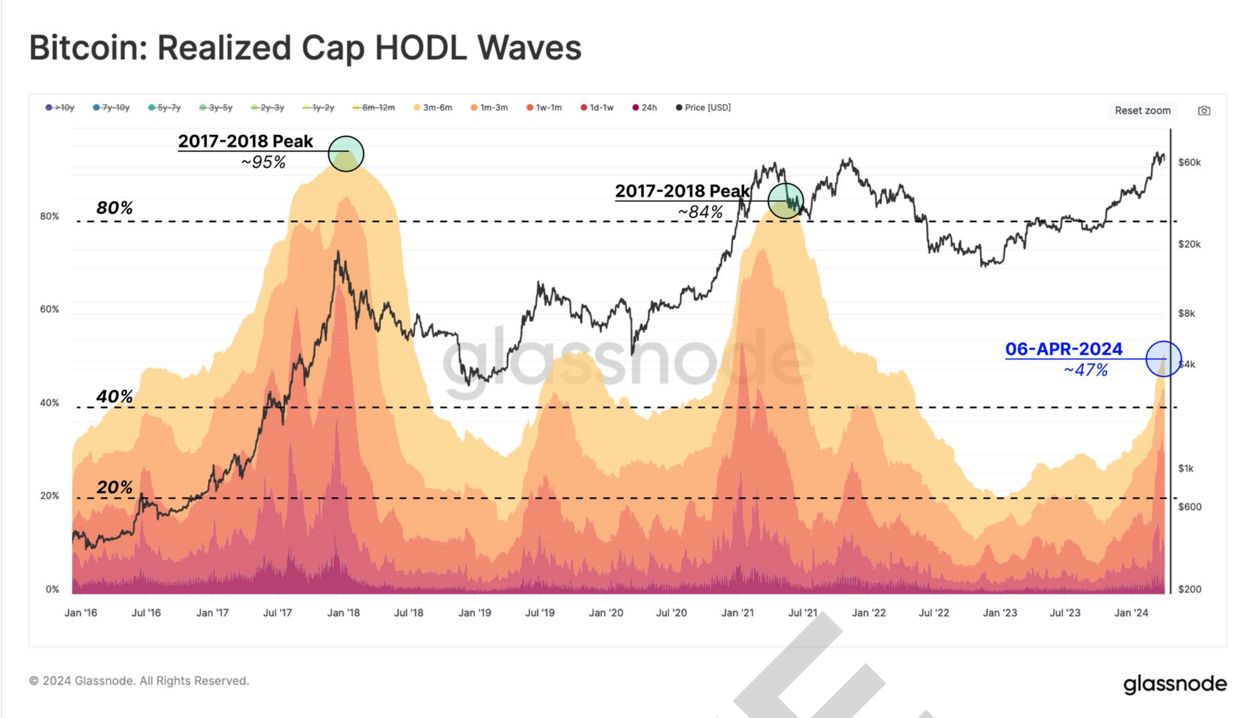

Figure 6. Bitcoin Realised Capitalisation HODL Waves. (Source: Glassnode)

This shift suggests that the supply spread across multiple investor cohorts is becoming increasingly balanced between long-term holders and new entrants.

The overlap of a decrease in inactive supply and new market entrants and STHs absorbing that supply signals a transition from an accumulation phase to distribution among long-term holders. So far there has been a lack of significant spot supply absorption as covered in the following section. Should the market absorb this new supply being sold on the open market by LTHs to an extent where we are able to defend range lows, then this strengthens the bullish outlook for Bitcoin. The following chapter discusses the price levels that correlate with the levels that are important to defend from a structural perspective.

Large Market-Wide Leverage Wipeout Amid BTC Correction

BTC has been in a range between $71,300 and $63,500 over the past month (refer Figure below). On Friday, April 12th, the market saw over $880 million in liquidations within a few hours. On Saturday, we had close to $950 million in total liquidations, as geopolitical risk rose substantially following the launch of drones and other missiles from Iran towards Israel.

Figure 7. BTC/USD Daily Chart. (Source: Bitfinex)

All previous moves below the range low have resulted in a quick reversal off the lows but upside has also been limited by the range high. While traders expect a similar move, spot flows into BTC this time round, suggest this might not be the case and that any recovery following a move below $60,000 might take more time. Such consolidation ranges, as mentioned in previous editions of *Bitfinex Alpha*, have a "time capitulation" factor, characterised as leveraged traders losing capital in the form of stops being hit and liquidations, while there is a distribution or accumulation from large long-term holders at the respective peak and trough of these ranges. Currently, we are seeing new supply entering the market. If this is absorbed, then we break out of the range to the upside. In the meanwhile, there is a very high number of market participants who are forced to exit leveraged positions, which allows the market to gravitate towards a healthier state with minimal funding rates.

Total daily liquidations in the past few days are comparable to those observed on March 5th, when the market experienced significant volatility. On that occasion, BTC experienced an intra-day fluctuation of 14.5 percent, which led to a substantial amount of liquidations (refer Figure below). On Friday, despite BTC only moving 8.5 percent intra-day, the amount of liquidations across major centralised exchanges reached a similar level. On Saturday, we had one of the largest-ever liquidation events in the asset class' history on a 12 percent intra-day fluctuation. Aside from long liquidations, Saturday also saw higher short liquidations at $177 million which was likely late shorters who entered shorts after BTC perpetual futures prices moved below $60,000 momentarily before reversing and settling around $64,000-$65,000 levels.

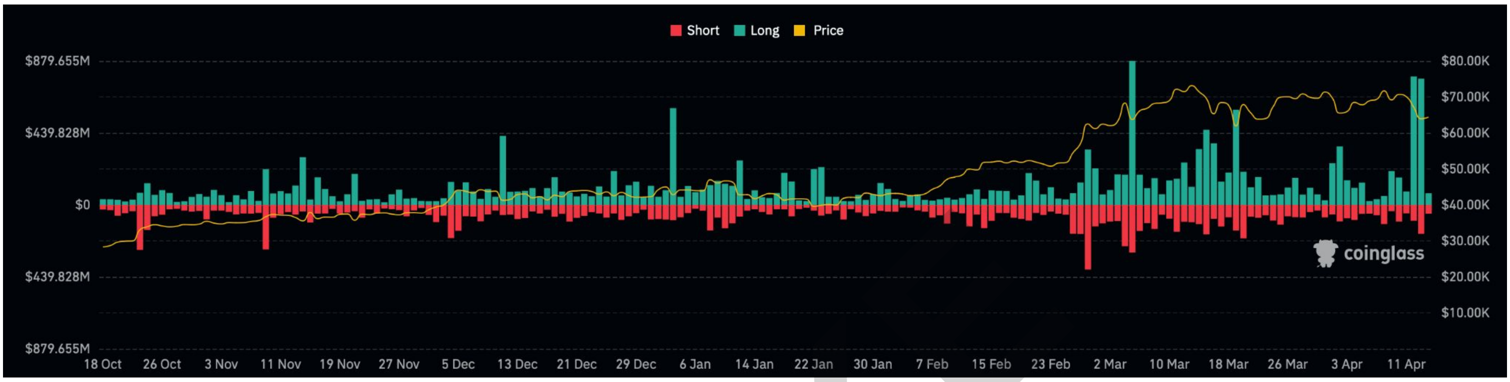

Figure 8. Daily Liquidations Across Major Centralised Exchanges. (Source: Coinglass)

Friday and Saturday last week recorded the largest two-day liquidations in crypto history as per *Coinglass* data. One peculiar metric to emerge during this correction was also a neutralisation of funding rates. The funding rate in the derivatives market plays a pivotal role in ensuring that the price of perpetual futures contracts aligns with the actual spot market price of the underlying asset. It represents the cost paid by one side of the perpetual contract holders to the other, based on the difference between the futures market price (mark price) and the spot price (index price) of the asset.

Funding APR (Annual Percentage Rate) is a metric that annualises the periodic funding rate. It shows how much it would cost, as a percentage of the total position size, to hold a position for a year if the current funding rate were to remain constant.

When negative, it indicates that the spot price of the asset is higher than the futures price, suggesting a spot premium. In this scenario, traders holding short positions in the futures market are effectively paying those holding long positions and vice versa for positive funding rates.

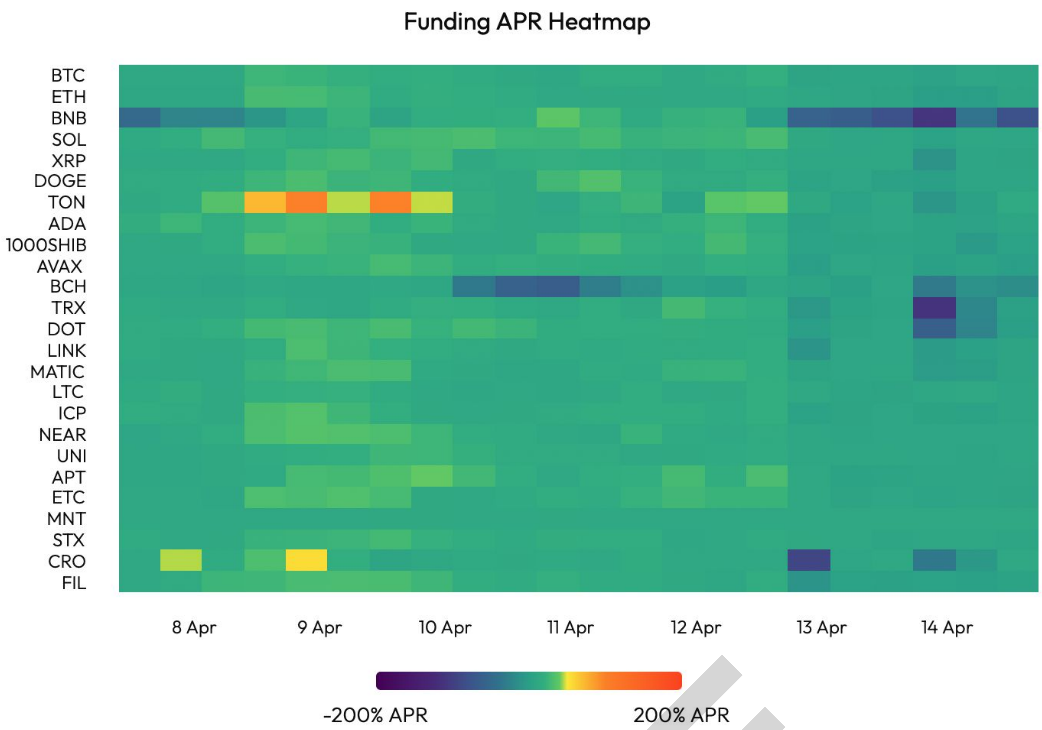

Figure 9. Funding Rates Across Major CEX-Listed Altcoins. (Source: VeloData)

The presence of a positive funding rate over the past several months typically suggests that there is significant leverage from long positions in the market relative to the demand in the spot market. This highlights the risk of potential pullbacks or corrections if the market adjusts, or if there's a sudden shift in sentiment, prompting leveraged longs to close or get liquidated and sell off, impacting prices further. This is why we have had relatively significant liquidations in this cycle, even when prices moved down less than by historical standards.

The current move to funding rates close to neutral and even negative across a few altcoins suggests that the market's current correction has been healthy and volatility may reduce for the foreseeable future if these funding rates remain at current levels.

Corresponding to our thesis of a reduction of leveraged positions in the market, the overall market also experienced an approximate $6 billion reduction in Open Interest across major exchanges on Friday and a further $5.5 billion reduction on the following day. (refer Figure below)

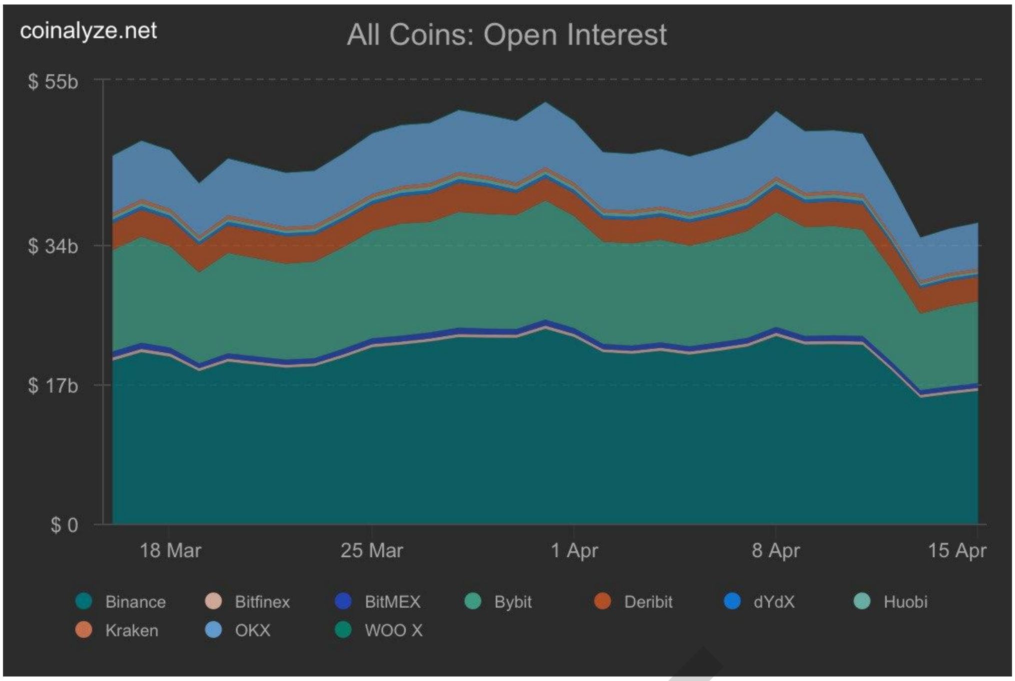

Figure 10. All Coins Aggregate Open Interest (Source: Coinalyze)

This significant market shift resulted in approximately $12.5 billion in open interest evaporating over three days, causing the total cryptocurrency market's open interest to drop to $35.4 billion by Saturday (April 13th). This decline marks a substantial decrease from Thursday's (April 11th) peak open interest level of $48 billion. That level of OI was notably one of the highest ever and had remained high despite BTC's correction from its current all-time high of above $73,000.

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GENERAL MACRO UPDATE

March Sees Unexpected Rise in US Consumer Prices-Dimming Rate Cut Prospects

US consumer prices unexpectedly rose in March as increased costs from gasoline and rental housing impacted inflation. Rate cut expectations have now been sharply scaled back as a consequence by financial markets, with many now anticipating that the Fed may hold off on loosening monetary policy as late as September.

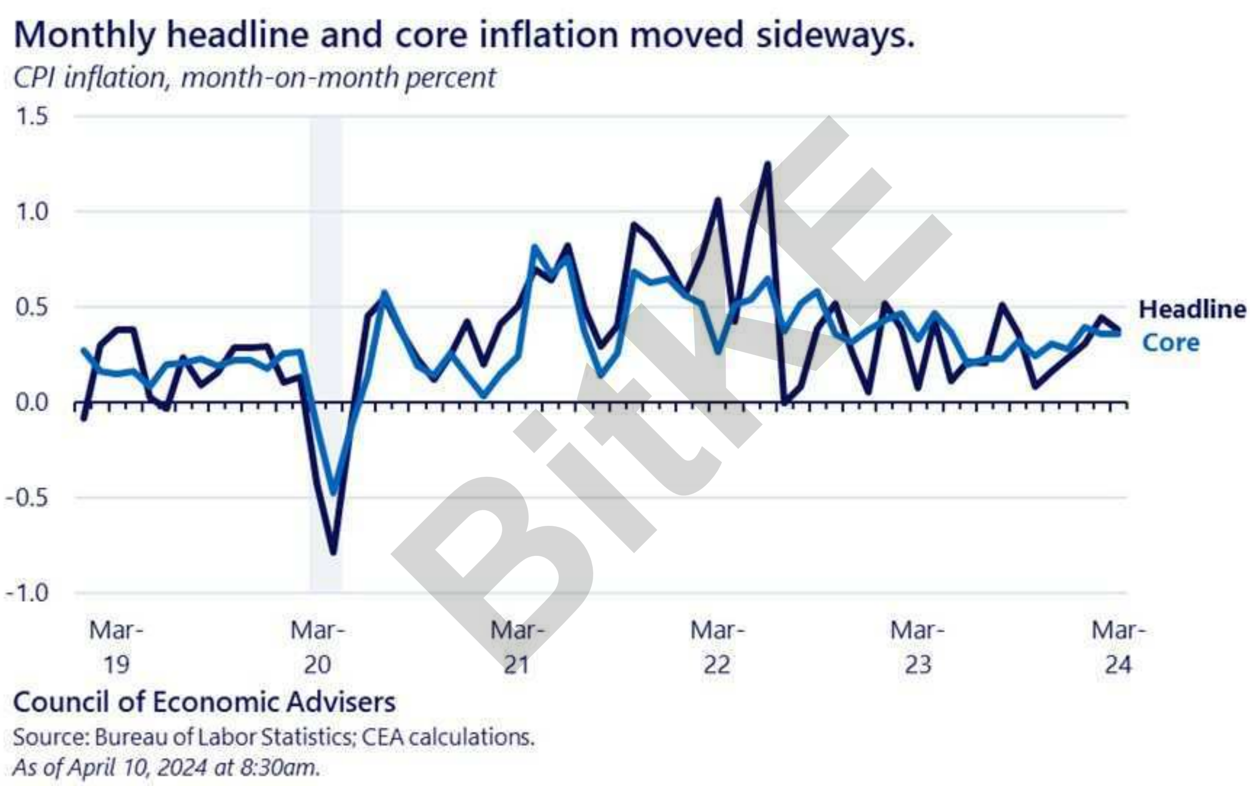


Figure 11. Monthly Headline and Core Inflation
(Source: Bureau of Labor Statistics, Council of Economic Advisers)

Data released by the Bureau of Labor Statistics last Wednesday, April 10th, indicated that both the headline inflation rate and the core inflation rate (which excludes food and energy) continued to grow at 0.4 percent month-on-month. This marked the third consecutive month without a decline in the overall Consumer Price Index (CPI), challenging earlier predictions that they would begin to decline. This persistence in inflationary pressure strengthens the case for higher-for-longer inflation, and therefore interest rates.

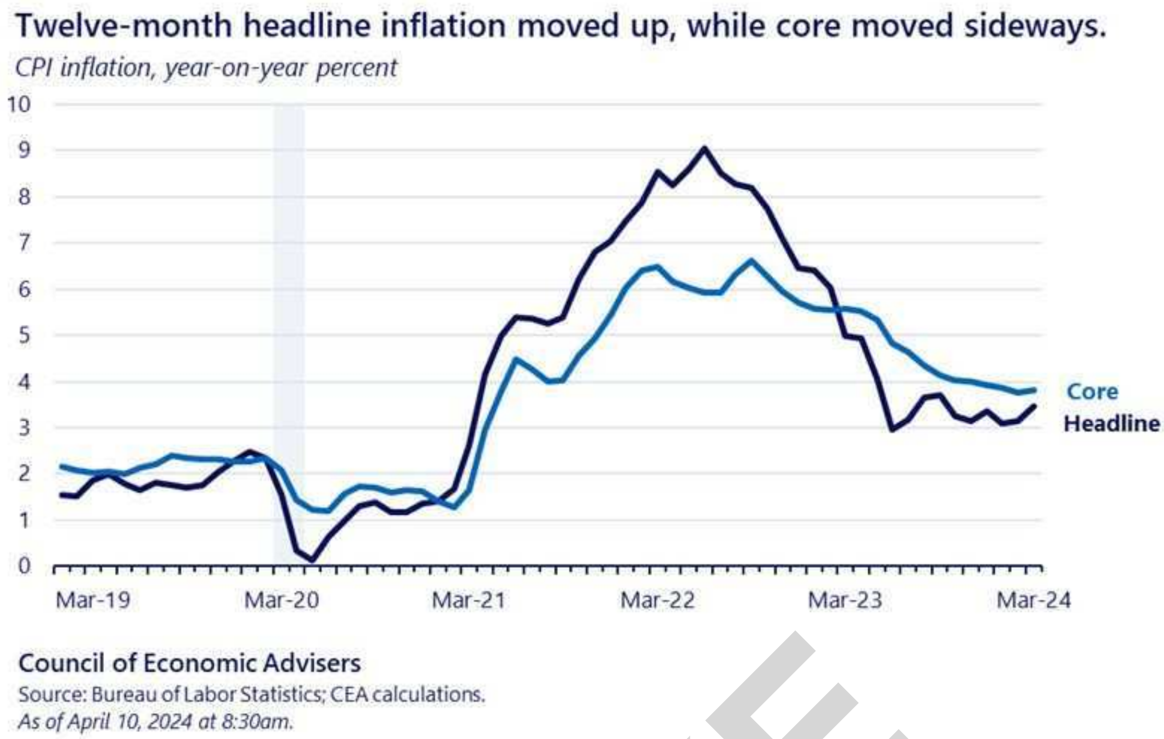


Figure 12. CPI Year-over-Year In Percentage Terms. (Source: Bureau Of Labor Statistics)

On a year-on-year (YoY) basis, the headline inflation rate increased slightly from 3.2 percent to 3.5 percent, while the core inflation remained constant at 3.8 percent. Examining the YoY trend, it's clear that the Fed has implemented a successful disinflationary policy since inflation peaked at 9.1 percent in June 2022. However, the pace of disinflation slowed for core inflation in March and even slightly increased in terms of headline inflation. Although these figures are an improvement compared to 2022 and early 2023, they remain significantly above the Fed's two percent target

With two more CPI reports due before the Fed's June policy-making meeting - at which it was widely expected that rates would be cut - it now seems highly unlikely that rate cuts will happen in June. Financial markets were quick to adjust their predictions on the Fed's next move, with the likelihood of a rate cut in June now as low as 20.2 a steep decline from the prior week's 53.2 percent.

The minutes of the Fed's March 19-20 meeting, released last Wednesday, also showed that policy makers were concerned that the progress in the fight against inflation might have stalled.

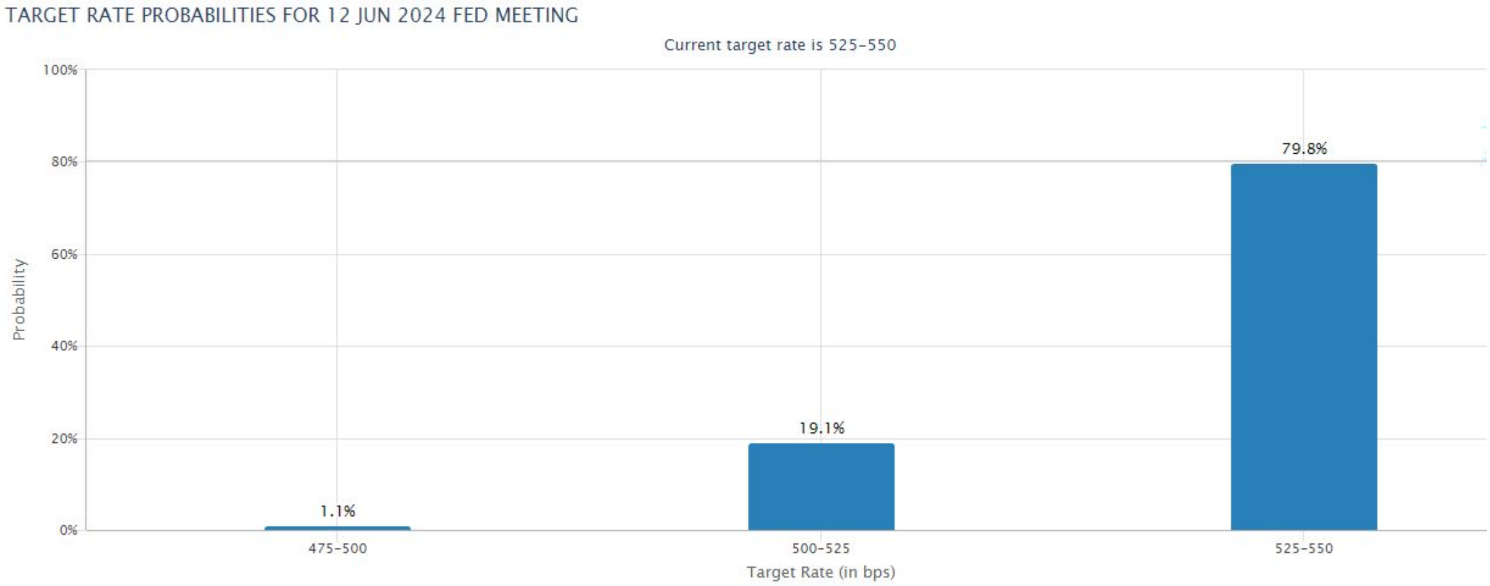


Figure 13. Target Rate Probabilities for June 2024 FED Meeting , updated April 15, 2024 (Source: CME Fed Watch Tool)

Despite these trends, there were some positive developments. Stable food prices in supermarkets and decreasing costs of motor vehicles suggest a potential return to deflation for some goods. While the chances of a Fed rate cut in the immediate future may have diminished, the possibility remains for later in the year, assuming inflation trends downward again.

While the stickiness of inflation is a source of disappointment for markets, we believe the latest year-on-year inflation target should not be viewed as a reversal of the prevailing trend toward diminishing inflation. But with last week's US job market report exceeding expectations with robust job growth and steady wage increases, and now a surprising uptick in inflation to add into the mix, we anticipate that the Fed will remove the possibility of rate cuts from their economic projections in June.

Should core inflation rise above four percent, discussions about raising rates might even begin to take place - but we are not there yet.

US Producer Prices Show Modest Increase in March, Providing Some Relief to Inflation Concerns

In March, US producer prices saw only a moderate rise, as an increase in service costs was offset by a decline in the prices of goods, which helped alleviate some of the worries in the market about a resurgence in inflation.

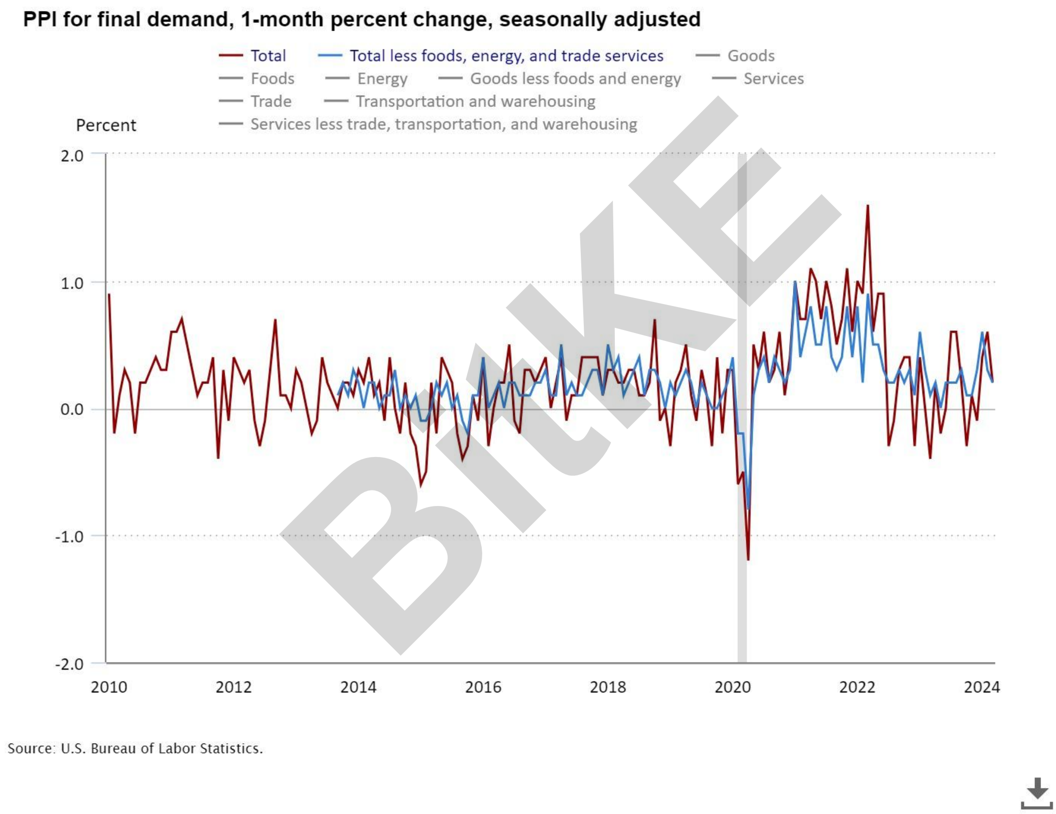


Figure 14. PPI for Final Demand, 1-Month Percent Change (Source: Bureau of Labor Statistics)

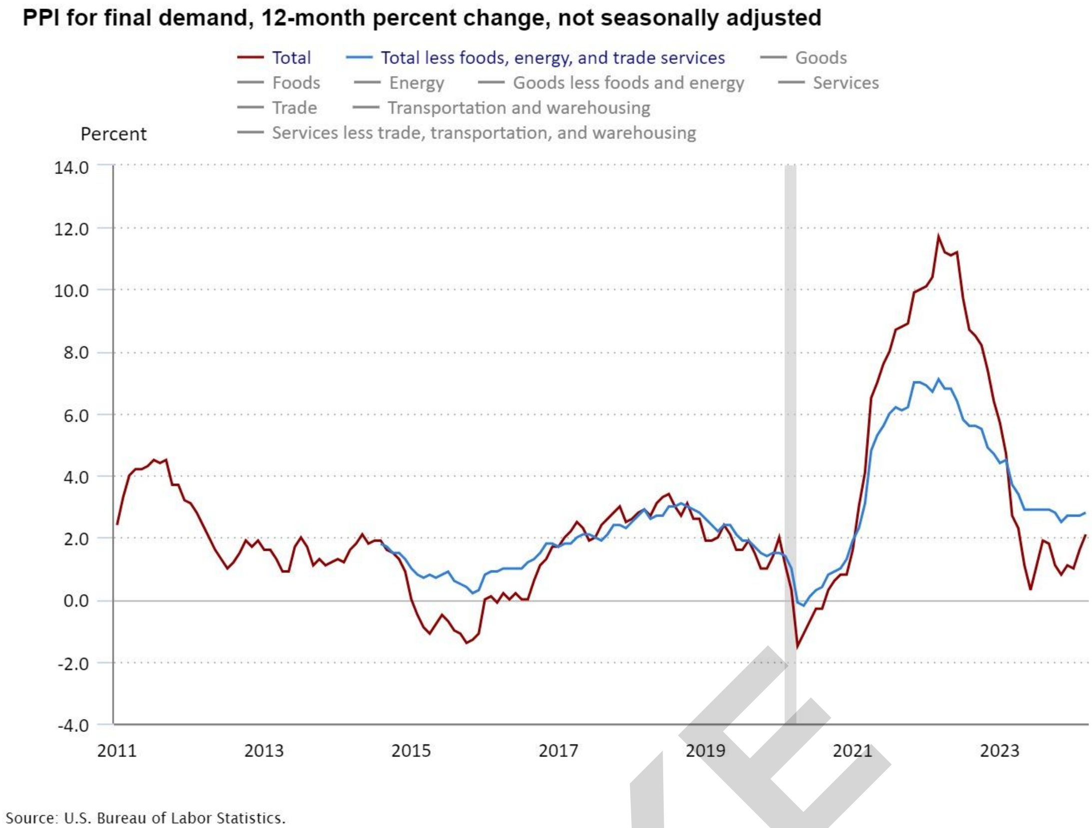


Figure 15. PPI for Final Demand, 12-Month Percent Change (Source: Bureau of Labor Statistics)

According to the Bureau of Labor Statistics report released last Thursday, April 11th, the Producer Price Index (PPI), which measures the average change over time in the selling prices received by domestic producers for their output, rose by 0.2 percent in March following a 0.6 percent increase in February. Excluding the volatile prices of food and energy, core producer prices edged up by just 0.2 percent over the previous month, compared to a 0.3 percent in February.

Over the past 12 months leading up to March, the PPI has increased by 2.1 percent (refer Figure above), up from a 1.6 percent gain in February. Annually, the core PPI reflected a slight uptick, reaching 2.8 percent in March from 2.7 percent in February.

Service prices, which have been a primary driver of recent inflation trends, rose by 0.3 percent for the second consecutive month, showing signs of stabilisation after a significant 0.6 percent increase in January. The PPI figures indicate, however, a continuous rise in service costs for the third consecutive month, which has been a significant factor in the persistent inflation levels.

Nevertheless, the specifics of the report provide some consolation to both investors and Fed officials, especially following the sharper than expected rise in CPI that we discussed in the previous chapter.

Dwindling Confidence Among US Small Businesses Amid Inflation Woes

In March, the small-business confidence index plummeted to its lowest point in over a decade, signalling deepening concerns over inflation.

Figure 16. Small Business Optimism Index (National Federation of Independent Business)

According to a report by the National Federation of Independent Business issued last Tuesday, April 9th, the Small Business Optimism Index decreased by 0.9 point, settling at 88.5, marking its lowest reading since December 2012. This decline represents the 27th consecutive month where the index has hovered below its 50-year average of 98.

The survey highlighted that a notable 25 percent of small business owners identify inflation as the primary issue affecting their operations, a sentiment driven by rising input and labour costs. This represents an increase of 2 percentage points from February.

Small Business Optimism

Index Component	Net %	From Last Month
Plans to Increase Employment	11%	▼ -1
Plans to Make Capital Outlays	20%	▼ -1
Plans to Increase Inventories	-7%	— 0
Expect Economy to Improve	-36%	▲ 3
Expect Real Sales Higher	-18%	▼ -8
Current Inventory	-5%	▼ -1
Current Job Openings	37%	— 0
Expected Credit Conditions	-8%	▼ -2
Now a Good Time to Expand	4%	▼ -1
Earnings Trends	-29%	▲ 2

Figure 17. Small Business Optimism Index Components (National Federation of Independent Business)

Compounding the challenges, the report underscored weaknesses in hiring trends among small businesses, with recruitment plans down by 11 percent in March, the most tepid since May 2020. High-interest rates have exacerbated the difficulties for small businesses in securing necessary capital. Specifically, 8 percent of business owners reported increased difficulty in obtaining loans, and 17 percent noted they had incurred higher rates on their most recent loans.

While other labour related reports indicate that the US labour market continues to demonstrate strength, small businesses are not sharing in this experience. Inflation continues to be a major worry, and a reported increase in the number of firms raising their selling prices recently, along with a modest rise in those planning to increase prices in the upcoming quarter, suggests ongoing challenges with inflation. This recent information reinforces the Fed’s need to take a a more cautious approach before reducing policy rates.

US Consumer Sentiment Dips in April Amid Inflation Concerns

Preliminary Results for April 2024

	Apr 2024	Mar 2024	Apr 2023	M-M Change	Y-Y Change
Index of Consumer Sentiment	**77.9**	79.4	63.7	-1.9%	+22.3%
Current Economic Conditions	**79.3**	82.5	68.5	-3.9%	+15.8%
Index of Consumer Expectations	**77.0**	77.4	60.6	-0.5%	+27.1%

Figure 18. Consumer Sentiment(Source: University of Michigan)

In April, consumer confidence in the US fell, influenced by ongoing inflation and rising fuel costs observed over the last quarter. The University of Michigan's latest survey, released last Friday, April 12th, reported a drop in the consumer sentiment index to 77.9, down from 79.4.

The survey highlighted that consumers are bracing for prolonged inflation and potential hikes in interest rates, which has dampened their willingness to spend. This shift was evident across all sub-indexes that measure spending intentions, all of which saw declines this month.

The compilation of recent negative economic indicators suggests that the Fed may delay its anticipated rate cut, reflecting growing economic uncertainty.

NEWS FROM THE CRYPTO-SPHERE

Uniswap Receives Enforcement Notice From the SEC: Asserts Legal Standing over Its Crypto Offerings

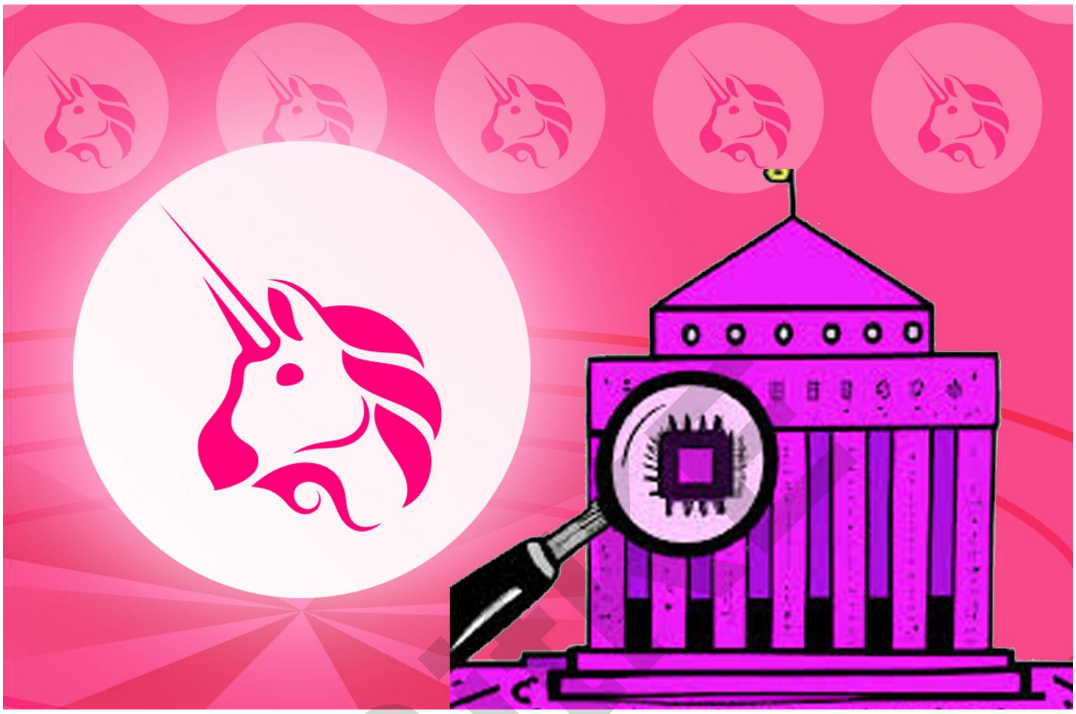


Figure 19.Uniswap Receives Enforcement Notice From the SEC

- **Uniswap has been notified by the SEC of an impending enforcement action, leading to a significant drop in the value of its native cryptocurrency UNI**
- **Uniswap disputes SEC claims that most digital tokens are securities, arguing that certain tokens, like stablecoins and utility tokens, are not inherently securities**

Uniswap, a decentralised cryptocurrency exchange, confirmed on Wednesday, April 10, that it had been notified by the US Securities and Exchange Commission (SEC) of a forthcoming enforcement action. Following the announcement, Uniswap's own cryptocurrency, UNI, fell sharply by 18 percent over a 24-hour period.

Hayden Adams, CEO of Uniswap, disclosed the receipt of the Wells notice through a post on social media platform X, describing himself as "not surprised, just annoyed, disappointed, and ready to fight." Wells notices serve as preliminary alerts that outline the potential charges a regulator might file, often preceding official enforcement actions.

In a blog posted last Wednesday, April 10th, Uniswap also indicated that the SEC was accusing the exchange of operating both as an unregistered securities broker and securities exchange. The company argued against the SEC's view that most digital tokens are securities. "Despite SEC rhetoric that 'most' tokens are securities, the reality is that tokens are a digital file format, like a pdf or spreadsheet, and can store many kinds of value. They are not intrinsically securities, just as every sheet of paper is not a stock certificate. The overwhelming volume of traded tokens are definitely not securities – they are stablecoins, community and utility tokens, and commodities like Ethereum and Bitcoin," the blog post stated.

Adams reiterated his confidence in the legality of Uniswap's offerings. "I am confident that the products we offer are legal and that our work is on the right side of history," he stated. He criticised the SEC's approach, noting that the regulator has been "attacking long-time good actors like Uniswap and Coinbase" while neglecting to adequately regulate problematic entities such as FTX.

Adams also expressed his concerns over the SEC's priorities, stating, "I'm frustrated that the SEC seems to be more concerned with protecting opaque systems than protecting consumers. And that we'll have to fight a US government agency to protect our company and our industry." He warned that the impending legal battle could extend for years and potentially reach the Supreme Court, underscoring the critical stakes for the future of financial technology and the cryptocurrency industry. Adams concluded with a call to unity, emphasising, "If we stand together we can win. I think freedom is worth fighting for. I think DeFi is worth fighting for."

Uniswap also pointed to broader regulatory actions, mentioning ongoing SEC lawsuits against Coinbase and other cryptocurrency companies as part of a "latest political effort to target even the best actors building technology on blockchains." The exchange disputed the SEC's claim of jurisdiction over most tokens and argued that the SEC lacks congressional authority to regulate the crypto markets. This assertion referenced SEC Chairman Gary Gensler's past congressional testimony, which suggested the need for new legislation to empower the agency adequately, despite Gensler's later statements that existing securities laws suffice for crypto regulation.

Kraken to Delist Monero (XMR)

Figure 20.Kraken to Delist Monero (XMR)

- **Kraken announces the delisting of the privacy coin Monero (XMR) for its customers in Ireland and Belgium, effective June 10th**
- **The decision aligns with new regulatory pressures from the upcoming EU Anti-Money Laundering Regulation (AMLR), mirroring similar actions by other exchanges like Binance and OKX in response to increased regulatory scrutiny**

Cryptocurrency exchange Kraken has announced it will discontinue offering the privacy-centric cryptocurrency Monero (XMR) to its customers in Ireland and Belgium. The delisting is scheduled to take effect on June 10th. According to a notice by Kraken last Thursday, April 10th, the platform will stop all trading and deposit activities for XMR starting May 10th. Customers are advised to close all margin positions by this date to prevent automatic liquidation.

Withdrawal services for XMR will also be terminated on June 10th. After this date, any remaining XMR balances on the platform will be automatically converted into Bitcoin. The decision by Kraken mirrors a similar move by Binance, which removed Monero from its main platform in February following the introduction of "monitoring tags" on several privacy coins in January. Binance had already ceased offering privacy coins in Belgium as of September 2023.

The move by Kraken is in response to the upcoming EU AMLR, which is set for final approval by the European Parliament and the Council of the EU this month. The new regulation, which is expected to be formally adopted and come into force three years after its publication—around summer 2027—places stringent compliance requirements on financial operations involving cryptocurrencies known for their privacy-enhancing features.

This regulatory shift has also influenced other exchanges, with OKX opting to delist Monero, Zcash, and Dash last December. These changes highlight the growing pressure on cryptocurrency platforms to adapt to new regulatory frameworks aimed at combating money laundering and enhancing financial transparency.

Bitfinex Securities Announces Tokenized Debt Issuance for New Hotel in El Salvador

Figure 21. Bitfinex Securities Announces Tokenized Debt Issuance for New Hotel in El Salvador

- **Bitfinex Securities El Salvador launched a tokenised debt issue for funding a new Hampton by Hilton hotel complex at El Salvador International Airport,**
- **This is the first project under the country's Digital Asset Securities Law**

Bitfinex Securities El Salvador S.A. de C.V, a prominent securities token platform, has launched a tokenised debt issue aimed at funding the construction of a new Hampton by Hilton hotel complex at El Salvador International Airport. This marks the first issuance to be arranged and traded on Bitfinex Securities El Salvador since it became the first licensed entity under the country's Digital Asset Securities Law.

According to a blog post on Thursday April 11th, the project involves building a 4,484 square metre facility over five levels, featuring 80 rooms, five commercial spaces, and various amenities such as a swimming pool, restaurants, gym, gardens, and multipurpose rooms.

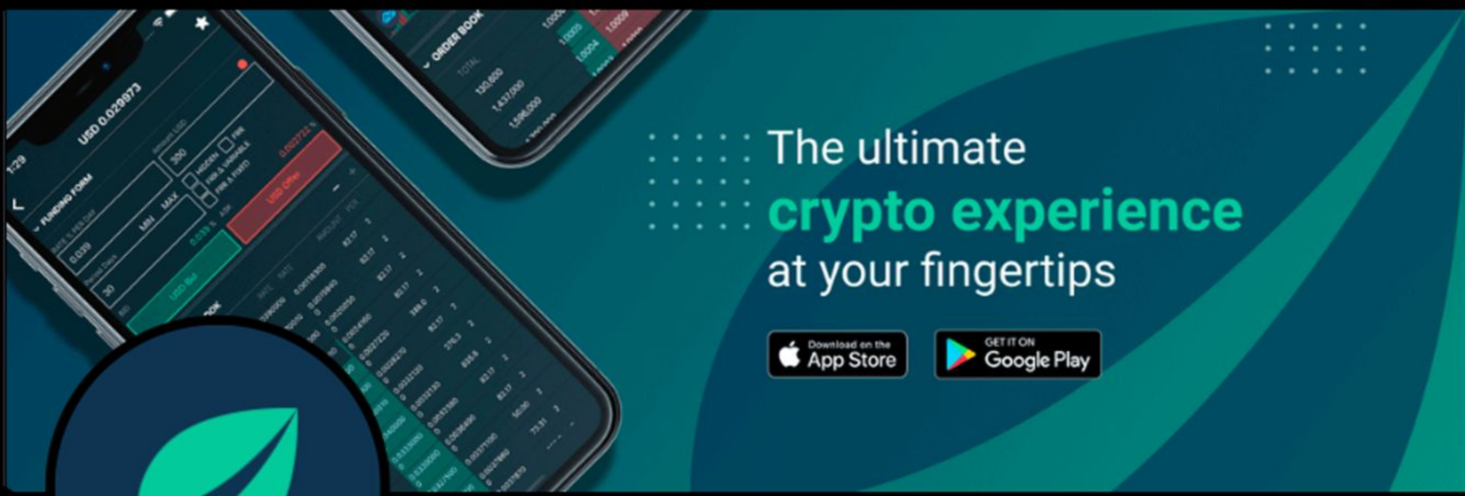
Inversiones Laguardia S.A. de C.V. (HILSV), operating in El Salvador since 2017, is issuing the tokenised debt with the goal of raising USD 6.25 million. The debt offers a 10 percent coupon over a five-year term with a minimum investment of USD 1,000. Additionally, investors will receive incentives like free hotel nights, varying with the size of the investment.

The HILSV tokens, to be issued on the Liquid Network—a sidechain of Bitcoin—are set to trade against US dollars and Tether tokens under the ticker HILSV.

"The HILSV token marks the first digital asset tokenization from El Salvador and represents an important step forward in developing its nascent capital market as well as introducing a major new asset class into the market," stated Paolo Ardoino, CTO of Bitfinex Securities.

Roberto Laguardia, president of Inversiones Laguardia, highlighted the benefits of the new digital asset laws, saying, "This access will allow us to develop crucial tourism-related infrastructure, thereby unlocking the potential for growth in the tourism sector. This expansion will ultimately result in economic benefits for every Salvadoran citizen."

The initiative is expected to generate around 1,000 jobs during the construction phase and up to 5,000 direct and indirect jobs once operational. The capital raise is scheduled to start on May 13, 2024, and will last for one month.



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