



Why Grayscale Products Will Not Achieve Longevity

The Inevitable Decline of Non-Native Crypto Products on Wall St.

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THE BIGGER PICTURE

The rise of Wall St. tailored crypto products, such as Grayscale's have been in the spotlight as the once dismissed [crypto] industry has come back into public discussion. The following piece will articulate the nature of Wall St. [crypto] products and their relationship to the accelerating macro level environment of the crypto industry.

Despite the allure of crypto Wall St. products like the Grayscale Bitcoin Trust or Grayscale Ethereum Trust; which entices prospect institutions and retailers alike with the convenience of avoiding the enigmatic cryptocurrency and blockchain - the buck stops there. Buyers of these products are put at a disadvantage of missing fundamental benefits that utilizing actual (native) cryptocurrencies (such as BTC or ETH) permits.

The sole value proposition that Grayscale product(s) bring to the table is the ease of opportunity and exposure to complex unorthodox crypto [digital] assets; without the hassle of knowing the technicalities and procedures that typically come along with directly owning or accessing the asset. The best reward for these Grayscale products are capital gains [doesn't sound too bad, right?]. However, I will reiterate the above and elaborate below - the Grayscale products do not capture the optimal value proposition that the crypto industry has to offer. Only when owning the actual native crypto [digital] assets; does such come to fruition.

With that being said, the optimal value proposition that crypto and blockchain technology bring to the table are transparency, openness, and fairness - enabling unprecedented and unparalleled market opportunities on a global scale. In order to reap the benefits; there can be no severe degree of separation between the participant(s) and digital asset(s) if optimal value capture is to be achieved. It is within that logic; the current lineup of crypto products which exist on Wall St. do not warrant longevity based on the fact they do not offer any practical utility.

The preceding paragraph becomes clear as day when viewed through the lenses of specific events and [lack of] market opportunity for owners of Grayscale products. To the first point, Grayscale recently made the decision to grant new investors the ability buy their products. In other words, prospect investors are not allowed free-reign over when exactly they can invest their capital. Secondly, if (but I think it's only a matter of when) retailers and institutions want to participate in Decentralized Finance (DeFi) - which aims to be the biggest disruptor of financial systems since the dawn of central banks - they will have no means of doing so because they don't own/access the native crypto [digital] assets that are required.

In closing, there is more potential within the realm of Crypto and DeFi; enabled by blockchain [technology] that Wall St. / Main St. are not aware of - or choosing to ignore. Similarly, many are aware of Bitcoin and perhaps ETH - and yet many elect to take the seemingly easier route of playing it safe via investment products like those provided by Grayscale. Sooner than later, the complexities of crypto will be eased away via innovation and user design/experience; allowing for less confusion / hesitation from the laggards. When that epoch comes; Grayscale products will be dismissed the same Bitcoin was in the beginning - only this time, it will be warranted.

“The people who are crazy enough to think they can change the world are the ones who do.”

-Steve Jobs

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