Writing Agency Knowledge

Article 1:

How can we understand DeFi's protocol dependencies? Last week, I delved a lot into Knowledge Graphs and the approach that an institutional fund might have on understanding the risk over DeFi protocols (specifically for stablecoins).

DeFi is complex; we know it, but understanding its structure even more.

Pool, oracles, asset, bridge, chain... you name it.

How are all of these interconnected?

I found this great example from Dialectic called Nebula. A graph representation of DeFi.

The idea is pretty simple:
🍏 Define a protocol
🔍 Analyze it
📊 Structure a graph

Repeat with all DeFi protocols for all chains.

Decomposing these dependencies demands a profound understanding of DeFi; even experts fail to see the big picture sometimes.

Not accounting for them might expose capital at risk if you are a fund.

If we want to bring DeFi to institutions, we should start by deeply understanding its structure and dependency.

What do you think?

Article 2:

So, Lightning Network doesn't really scale, right? Well, not really, but it's definitely an under-development protocol that will start to attract a lot more capital. Why? ⚡

This great report from Fidelity Digital Assets is pretty clear.

Lightning Network is becoming a central layer in the
hashtag
#Bitcoin ecosystem.

Channel capacity has increased 214% since 2020, with public liquidity hitting 5,358 BTC ($509M) on January, not much but a good start.

There's a significant trend toward capital efficiency. Smaller, less efficient channels are being replaced by larger ones. This reduces complexity and increases the success rate of high-value payments.

This cycle could attract a lot of interest from institutional players as well.

Payments below 1 million satoshis (0.01 BTC) finalize in under one second, with single-hop payments averaging 0.38 seconds.

Now with Taproot Assets, you can also trade USDT and other types of assets.

Imagine instant settlement on stablecoins replacing SWIFT's infinite 1–2 days.

Bitcoin might start to power everything.
What do you think?

Article 3:

The $1.4 billion ByBit hack was the biggest ever seen in the crypto industry, but the actual technique was pretty well known! 🚨

The trick? Manipulation of the UI during a multisig wallet transfer.

Essentially, they tricked the system into approving fake withdrawals by spoofing the destination address.

The attack, from a crypto perspective, is not new. In fact, it has happened to me directly and some friends in the industry many times.

This attack is so powerful because even advanced security measures can be undermined if the human element or interface design are not perfect.

Nowadays AI is becoming so good at crafting exact replicas of specific website interfaces that you need to double-check everything to find the trick.

This hack proves that no matter how secure things might be, human mistakes are around the corner.

Double check every step because anyone everyone can fall for it.

Article 4:

LIGHTNING NETWORK STRUCTURE ⚡

Do you ever struggle to understand deeply how the Lightning Network handles payments?

The Lightning Network is often described as a network of peer-to-peer channels for sending fast Bitcoin payments.

In reality, it is a complex protocol governed by an independent set of rules and standards.

While primarily used with Bitcoin, its design is modular and could be applied to other blockchain systems.

This image show the main BOLTs (Basic Of Lightning Technologies) that are needed for running the protocols:

💸 BOLT 11: Standardizes payment invoices (amount, recipient, payment hash).
📦 BOLT 09: Manages channel lifecycle policies (fees, channel updates).
🛣️ BOLT 07: Enables network topology discovery (node/channel gossip).
❎ BOLT 04: Governs payment retry logic and error recovery.
🌐 BOLT 02: Defines HTLC handling (adding, settling, or failing payments).
📧 BOLT 01: Specifies message formatting and connection bootstrapping (e.g., DNS).

These BOLTs operate across multiple protocol layers, ensuring secure and interoperable transactions.

Each layer plays a critical role in sustaining the network's speed, reliability, and decentralization.

Did you already know about these BOLTs?

Article 5:

So Trump just launched a shitcoin, and everybody is going crazy about it. But, is that really something new?

Looking back at the past we had:
🗓️ 2017 we had ICOs
🎨 2020 we had NFTs and metaverse
🐶 2024 we have memecoins

Do you see the pattern?

Every cycle has its own shitcoin mania; every time, people get crazy about these things and then after 2 years, nobody remembers anything about these casinos.

I think there's a deeper meaning in what we are seeing today, and today's "investor" profile is completely changing.

The world and the way of investing are changing. Money is becoming digital, people perceive gambling as a form of investing, looking just at the return, not at the soundness of the project.

It's also a symptom of decades of policies that killed traditional paths to wealth. It's a symptom that the world is changing and that this technology has changed the game forever.

In the good and in the bad. Choose carefully.

Article 6:

Bridges were supposed to unify crypto but instead have become our weakest link which is a honeypot for exploits that never stops leaking...sigh.

Just look around.

Nomad?
Gone ($190M lost in broad daylight)

Wormhole?
$325M vanished because of a single missing verification check.

Ronin?
$625M disappeared after attackers walked through a barely locked door.

Each time, the same cycle: hype, TVL explosion, collapse….yet liquidity keeps flowing in.

What is the problem? It is that bridges are fundamentally broken….they rely on trust assumptions that don’t hold up under pressure so validators get compromised & smart contracts miss edge cases.

Exploits don't happen because of volatility but they happen because these systems were never secure to begin with. Fundamentally flawed is a good word.

Right now the next billion dollar bridge hack is just waiting to happen. Liquidity hubs are growing so attack surfaces are widening & history tells us what comes next.

So if you're still bullish on bridges, ask yourself who's actually making money.
If you're not on the inside, there's a good chance you're the exit liquidity :)

Article 7:

You know what I really miss? The good old days of trading…when it used to feel like you were trading against other humans. Sadly, not anymore…

Now we are trading against code that never sleeps.

I remember watching a token pump last year (sniped the buy, set slippage to 1%) still got front run because it turned out a bot saw my transaction in the mempool, copied it, pushed it ahead, and sold back into me.

That's not bad luck. This is literally the game now. Bots dominate DeFi volume. Sandwich attacks, MEV, liquidity sniping it's all invisible.

Retail traders are still playing reflexively with the same old buy the dip sell the pump. But the real edge has moved upstream.
→ To latency
→ To predictive modeling
→ To custom built AI agents with mempool access

It's only going to get harder. Some are fighting back with AI bots of their own while others are feeding the machine.

The skill isn't in clicking faster. It's in understanding the new battlefield. (most haven't even realized the map has changed)

Article 8:

Those of us in crypto for the last decade all know that the Cayman Islands have been a safe haven for crypto (& non crypto) firms. Lot of shady stuff hidden here…but the rules are changing.

Starting April 1, Cayman Islands need a license for Crypto custody and trading. This is huge.

Firms already operating have until June 29 to comply. The requirements are full disclosure of client assets, revenue models, and security protocols.

This is a big power move…governments worldwide are realising that controlling custody is controlling crypto. This is also pretty much is doubling down on global trends:

→ Hong Kong tightening exchange regulations.
→ Singapore enforcing stricter stablecoin oversight.
→ EU pushing MiCA regulations.

But you also know the caymans won't kill crypto business....they are setting a precedent for more jurisdictions will follow. The "friendly" havens will become heavily regulated (and taxed) zones.

If I was a firm here, the message would be clear to me:
"Regulatory arbitrage is no more."

Adapt to compliance while keeping an edge or fade off.

Article 9:

You know what is funny? For years CEX traders laughed at DeFi and mocked them for no order books & depth charts and called it 'pools of liquidity sloshing around'. What happened now? Simple 👇🏻

We got: MEV, gas fees, and slippage and suddenly the joke wasn't funny anymore xD

See DeFi didn't remove inefficiencies…it just hid them differently. AMMs sounded like an upgrade, but LPs got wrecked with impermanent loss while traders paid invisible taxes to arbitrage bots.

Slippage turned big trades into slowmotion disasters.
It ended badly for everyone.

I am more interested in what happens next.
I have a few observations:
a) AI first liquidity markets that react before inefficiencies appear.
b) Auction like execution where traders bid dynamically instead of relying on static limit orders.
c) Cross chain liquidity aggregation to break walls between fractured pools.

I think a great summary is that liquidity is not just about stacking buy and sell orders but more about execution that actually works.

I also think the most efficient market structure is the one that won't look like CEXs or AMMs. It will look like something we haven't built yet (there is some alpha here). What do you think?

Article 10:

I absolutely believe that traders lose because they don't understand how markets actually work. They trust indicators (rookie mistake) and this is not even the real game.

The real game is in market microstructure. This is the invisible battlefield where liquidity, order flow & execution determine who wins and who gets trapped.

Liquidity fragmentation matters a ton here. The same asset trades differently across venues because market depth on Binance is not the same as Bybit. Spreads shift & slippage kills.

Order book dynamics create fake moves. Thin liquidity zones trigger wicks and hidden buyers soak up sell pressure. Large orders get front-run.

Of course, exit liquidity is everything. The worst trade is selling when the market forces you to. The best traders exit before the crowd realizes the trend is dead.

If you only trade what you see on a chart, you're already behind.
The real edge is sensing the next move before seeing it.