




# Project Dragon: Responding to Institutional Demand





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Published in Kaia · 8 min read · Jul 10, 2024

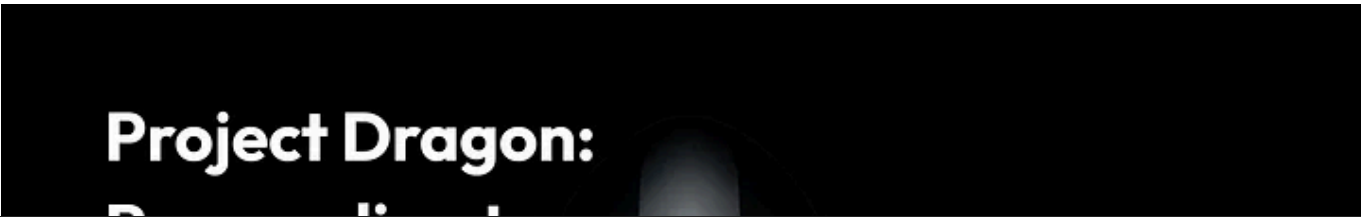












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- *The growing institutional demand for crypto* highlights key facts and figures that indicate rapidly increasing interest in crypto from financial institutions; and
- *Meeting institutional investor requirements through our combined strengths* details how the unification of Klaytn and Finschia's strengths will make Project Dragon attractive to institutional investors.

Through this post, we will explain how the merged chain will respond to the growing institutional demand for cryptocurrencies. Please note that the contents of this post are based on current data and insights, and may be subject to change based on the evolving industry landscape.

## The growing institutional demand for crypto

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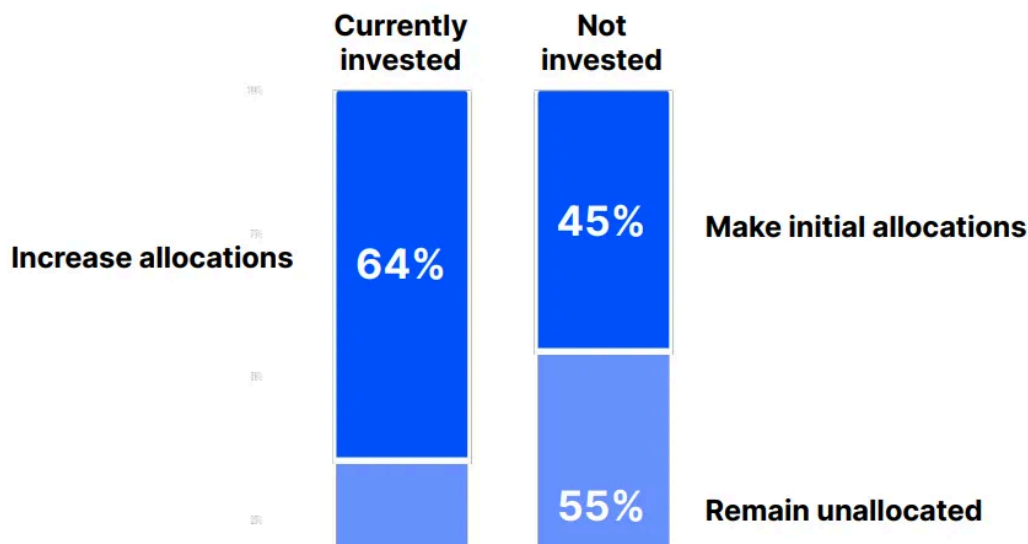
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payments markets.

**Thinking about the next three years, do you anticipate the percentage of your assets invested in cryptocurrency to increase, decrease, or stay the same?**



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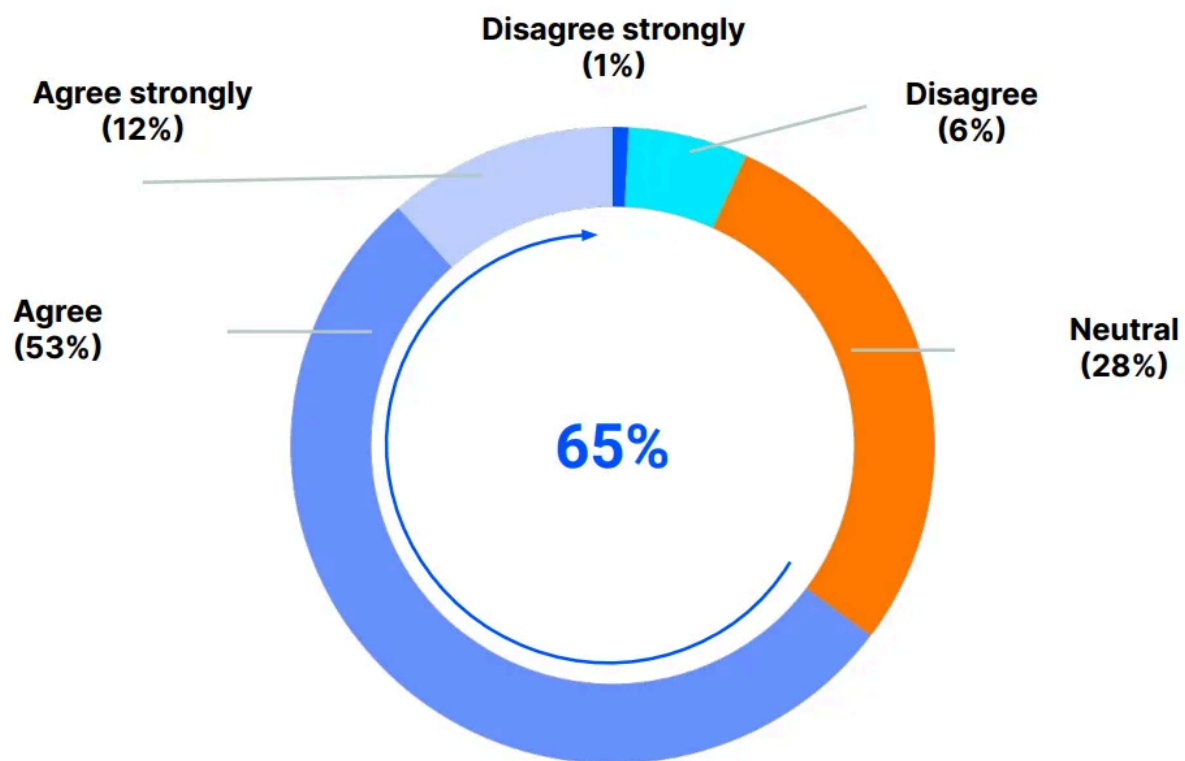
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used widely by institutional investors within 3-5 years.



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risk sensitivities, depending on their nature and mode of operation (active or passive), but for simplicity's sake, let's look at the commonalities.

## The project's fundamentals, prospects, and brand

Institutional investors focus on whether the projects they invest in will perform well in the long run, so the fundamentals and prospects of the project itself are among the most important aspects.

As we explained in the proposal, in order to strengthen the fundamentals of these projects, Project Dragon will launch the Defi TF to strengthen the large-scale DeFi infrastructure and build an ecosystem linked to RWA (Real World Assets) that is familiar to existing institutional investors.

On this front we are already one step ahead, having partnered with Tokeny, an RWA tokenization platform, joined the ERC3643 RWA Token Association, launched a gold-pegged token, developed ship tokenization products, tokenized real estate with Elysia, and made crypto-to-fiat payments with

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centered on South Korea, Southeast Asia, and Japan, respectively.

## Transparency and decentralization

As the rejection of the original Bitcoin Spot ETF illustrates, institutional investors and regulators are highly sensitive to the possibility of market manipulation in the assets they invest in, or rapid price movements driven by previously undisclosed information.

To mitigate these concerns, we will apply a much more rigorous and transparent disclosure regime, especially relating to the distribution of tokens, and new ecosystem and infrastructure funds will either follow predetermined governance or have robust internal control and disclosure systems in place. For example, any grant programs will be operated transparently from application to post-evaluation to ensure that the grant funds are being utilized responsibly..

In addition to transparency, decentralization is also an important factor

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Institutions typically run large funds, which means that their investments need to be above a certain minimum market capitalization and liquidity threshold, and, of course, they need to be listed on global exchanges and included in a number of indices, which can have stringent requirements. As an example, to get into the S&P Cryptocurrency LargeCap Index, a digital asset needs to meet the following criteria:

- **Market capitalization:** A digital asset must have a market capitalization of at least US\$1 billion. “Market capitalization” is defined as the “effective coin supply” multiplied by the coin price.
- **Liquidity:** Must have a three-month MDVT (median daily trading value) of at least US\$1 million. At the discretion of the Index Committee, shorter periods of MDVT may be allowed.

There are several other criteria required by other indexes such as the Bloomberg Galaxy Crypto Index, but the most important ones are as follows

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as Binance, Coinbase Pro, Crypto.com, Gemini, Huobi, Kraken, and OKX.

For Project Dragon, we plan to collaborate and list on fiat on- and off-ramp exchanges that are accessible to institutional investors, including those already listed, which is expected to be easier than doing so individually as two separate chains.

## Investment and information infrastructure, including Custody

As you can see from the figures above, the infrastructure required by institutional investors is not just limited to crypto exchanges. Since it is very difficult for institutional investors to store and manage cryptocurrencies themselves, they primarily use custodians to store their cryptocurrencies. In fact, since the approval of the ETF, we have seen new custodians obtain various security and audit licenses (ISO, SOC, etc.) in order to meet the demands and high standards of institutional investors. Therefore, being on

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insights on key players in the industry, a data analytics platform that provides us with direct access to important data, and this year we will be working with a number of different research firms that institutions can access, such as Messari, as well as a service that allows us to share chain information on the Bloomberg Terminal, which is used by many institutions.

For obvious reasons these infrastructures, including Custody, often prioritize the integration of assets with high name recognition and market capitalization. Therefore, the larger and more recognizable the project, the more favorable it is to negotiate and integrate, and in this respect, naturally, Project Dragon will be in a much stronger position.

As big players in the market, institutional investors are only interested in the key players of the industry. As Asia's largest blockchain ecosystem, Project

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