

It is now ten years since Bitcoin was born

CRYPTO REPORT

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Family offices and bitcoin: a union of old money with new

My point of view is that media lends itself to the NFT industry which includes years of images and text being created into newspapers and websites. I am also a private investor in crypto currencies and NFT since 2017. You can find me on all the big NFT sites as @wwjonesy



Karen Jones

Citywealth with its niche in private wealth management globally has seen a pressure from UHNW wealth clients and family offices to get involved with bitcoin, which is one of the main reasons that the slow-to-move wealth management market has reluctantly engaged with bitcoin, Ethereum and beyond. Although growth in their own AUM and yield for these clients is also a story that persists. Seeing the opportunity, Bloomberg and Forbes have pushed information on bitcoin's difficulties, winters and ATH's feeding through their distribution network of the world's investment managers. In addition, private banks are sure to disagree that they have been slow to move; in some ways they are not behind the curve. Multiple blockchain projects c5 years ago saw investment that failed to live up to the hype. Thus, a withdrawal from the space wholesale. However, its longevity and the growth in the price of one bitcoin, despite its volatility, started to show a different story.

Long term the asset provided upward profits. Not many can argue against an asset that jumps from nothing to \$65,000+ per coin in ten years.

However, there is now also another story for trustees who feed trillions in capital into investment management, private banks and funds on behalf of family offices and their beneficiaries. Fundamentally crypto is just a tech start up business, even if the crypto asset is alien. It is an industry that can broadly be included with FinTech and many in that sector recognise this and are stepping up to be acknowledged by crypto natives. Trustees not only have a duty to consider diversification of investments, but also to balance the interests of income and capital beneficiaries. Previously cryptocurrencies offered the potential only for capital growth, with no income but there are now opportunities to generate income as well as capital from at least some

forms of cryptocurrencies. This means that although the time has not yet arrived, trustees should start to keep a careful eye on developments to participate because there may be opportunities to make significant gains from modest investments. If such official cryptocurrencies were to become a (virtual) reality, it would be surprising if this did not have an impact on the perceived respectability of cryptocurrencies. In those circumstances, it would surely be a short hop for trustees to consider adding them as part of a balanced investment portfolio. As part of Citywealth's ongoing research projects we see a fusion that has arisen as private wealth managers expand their services to have start up tech investment units; co-investment from families is in high demand and bitcoin and other assets rise up through Bloomberg and millennials create new stories for succession planning and education with meme coins such as doge.

As well as these new services have arrived including custody and audit; litigation disputes; investor protection and trading to name but a few. Bitcoin has not had industry acceptance but the worlds wealthy who at their heart made their piles by taking risks are excited and intrigued. The strange irony: Bitcoin is a peer-to-peer service available through an app on your phone. There is no need for the wealth industry to be involved. However, people's reliance on advisors and relationships with bankers plus FUD generated by hacks and disputes has carved out a market for the banker, investment manager and intermediary. They can now shoulder the risks of these new 'assets' or property, as they are beginning to be called by government bodies and law courts.



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The development of Crypto is inextricably linked to our lives increasingly being lived online and virtually

Natalie Bell Collas Crill Cayman