



# Markets

# New Products

# Regulations

# Tech

Briefing

## Markets

### Arbitrum freezes \$71 million in ETH stolen in the Kelp DAO exploit

**The information.** Arbitrum's Security Council froze 30,766 ETH (~\$71 million) on April 20, linked to the \$292 million Kelp DAO bridge exploit, transferring the funds to a governance-controlled wallet. The council acted with input from law enforcement, which preliminarily attributed the attack to North Korea's Lazarus Group. The freeze recovers roughly a quarter of the total amount drained.

**Why it's important.** The move is the fastest and largest asset freeze ever executed by an L2 governance body. It demonstrates that rollup security councils can act as an emergency backstop against state-sponsored theft, but also reignites the debate over whether council-level asset freezes undermine the decentralization guarantees that distinguish blockchains from traditional proprietary systems. When asked by The Big Whale, Tobias van Amstel, CEO of Altitude.fi, provides a clear take on the decentralization dilemma: "In my view, it's the only ethical move the Arbitrum security council could have made. If you have the power to stop a hacker from getting away with funds, I believe it's your duty to use that power.

But this also proved that Arbitrum is not fully decentralized. That's a separate story. It's also the reason I believe Ethereum will win. It's the only truly decentralized chain."

**The big picture.** The freeze sets a precedent for how L2 chains respond to major exploits. If security councils become routine tools for intervention, they could reassure institutional allocators but alienate users who view immutability as non-negotiable. The incident will likely accelerate calls for formal governance frameworks that define when and under what legal authority council freezes are permissible.

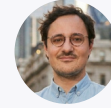
### Kraken parent Payward to acquire derivatives exchange Bitnomial for \$550 million

**The information.** Payward, Kraken's parent company, agreed on April 17 to acquire Bitnomial for up to \$550 million in cash and stock. Bitnomial is the first crypto-native platform to hold all three CFTC licenses required for a full-stack U.S. derivatives business: exchange, clearinghouse, and brokerage. The deal is expected to close in H1 2026.

**Why it's important.** The acquisition gives Kraken a fully regulated U.S. derivatives stack alongside its 2025 NinjaTrader purchase (\$1.5B). It also expands Payward Services, the B2B infrastructure arm, enabling banks and fintechs to access regulated crypto derivatives via a single API. According to Deutsche Börse Group's latest strategic placement, the company is valued at \$13.3 billion.

**The big picture.** That this is a license acquisition and textbook pre-IPO positioning, Yacine Boughazi, Vice President at Areta, confirms it for The Big Whale: "Having advised on Kraken's Breakout acquisition, we read the \$550M Bitnomial deal as the logical next step in a deliberate roll-up strategy. Following NinjaTrader, Small Exchange, and Backed, designed to build a full-stack, multi-asset trading platform. Bitnomial isn't a company acquisition, it's a license acquisition: Kraken is buying a decade of CFTC compliance work and, by securing all three licenses (DCM, DCO, FCM), can now run the entire US derivatives stack in-house: exchange, clearing, and brokerage. Most importantly, it de-risks Kraken's equity story ahead of its public filing by turning regulatory friction into a competitive moat and a regulated revenue line. This is textbook M&A-led IPO positioning."

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Briefing

## New Products

### Major European bank consortium Qivalis plans to leverage Fireblocks to power MiCA-compliant Euro-denominated stablecoin.

**The information.** Qivalis, a consortium of twelve major European banks including BNP Paribas, BBVA, ING, UniCredit, and CaixaBank, [announced on April 21st that it has selected Fireblocks](#) as its core infrastructure partner to issue a MiCA-compliant euro-denominated stablecoin. The token, subject to authorization by the Dutch Central Bank, is scheduled for launch in H2 2026. Fireblocks will provide tokenization, custody, and compliance tooling.

**Why it's important.** The choice of Fireblocks, a US-Israeli provider, as the sole infrastructure partner for Europe's most ambitious euro stablecoin project has drawn immediate scrutiny. Dfns CEO Clarisse Hagège [questioned why no European providers were benchmarked](#), warning that defaulting to a single non-EU vendor for systemic infrastructure raises concerns over jurisdiction, concentration risk, and long-term sovereignty over euro-denominated digital money.

**The big picture.** The debate goes beyond vendor selection. As MiCA creates a regulated stablecoin market, who controls the underlying infrastructure becomes a strategic question for Europe's financial autonomy. Jan-Oliver Sell provides the reason for this choice and clears the air regarding Europe's autonomy, telling The Big Whale: "The initial selection of Qivalis was conducted through an open RFP process with technical and corporate due diligence, which was started in early 2024 by the founding banks. Qivalis is fully committed to European sovereignty and autonomy as its core DNA, providing regulated token infrastructure to banks while maintaining a modular, multi-vendor architecture that ensures member banks remain autonomous in selecting providers, avoids vendor lock-in, and keeps governance and control of its upcoming DNB-supervised stablecoin launch in H2 2026 firmly in European hands."

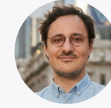
### Coinbase expands USDC borrowing to the UK via Morpho on Base

**The information.** Coinbase announced [on April 20 that UK users can now borrow up to \\$5 million in USDC](#) against Bitcoin, Ether, and cbETH via Morpho on Base. Loans are overcollateralized, settled on-chain with variable rates recalculated per block, and disbursed instantly to Coinbase accounts with GBP conversion. No fixed repayment schedule applies. Coinbase is targeting the UK's alternative lending market that could reach a [TAM of \\$75 billion by 2028](#).

**Why it's important.** The UK launch follows the US product's success: \$2.17 billion has been generated since January 2025. By offering crypto-backed lending through DeFi rails (Morpho) wrapped in a CeFi user experience, Coinbase blurs the line between decentralized and traditional finance, expanding beyond trading into lending revenue.

**The big picture.** The timing is strategic: the FCA is actively shaping crypto rules for the UK. Coinbase pre-positions itself as an early mover in crypto lending before the regulatory framework is finalized. Further international expansion is planned, signaling that crypto-backed lending is becoming a core product line for major exchanges. Although borrowing rates are elevated compared to traditional assets like stocks and RE (6-14% vs 1-6%), crypto-backed lending is set to become a major liquidity source for crypto investors. Still, it requires a deep understanding of market cycles to avoid margin calls amid elevated volatility.

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## Briefing

## Regulation

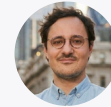
### BIS says stablecoins act more like ETFs than money, calls for global coordination

**The information.** BIS General Manager Pablo Hernandez de Cos said on April 20 that stablecoins function more like ETFs than money, citing redemption frictions and price deviations from par. In a speech in Washington, he warned that fragmented national regulations could amplify systemic risks and urged "critically important" global cooperation alongside the FSB.

**Why it's important.** The ETF comparison implies stablecoins should be regulated as securities or fund-like instruments rather than payment tools, a framing that could reshape how jurisdictions classify them. With total stablecoin circulation exceeding \$300 billion and Tether being the 10th-largest U.S. debt holder, the regulatory stakes are enormous.

**The big picture.** The BIS intervention comes as the U.S. (Clarity Act), EU (MiCA), and Asia pursue divergent stablecoin frameworks. Without harmonization, issuers face compliance fragmentation, and users face inconsistent protections. The speech signals that global standard-setters are preparing to intervene before national approaches harden into incompatible regimes.

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### Clarity Act stablecoin yield language delayed; ban on idle balance rewards intact.

**The information.** The release of the latest draft language on stablecoin yield in the Clarity Act has been pushed back. Senator Thom Tillis indicated on April 16<sup>th</sup> that the text would not be published, pending clarity on the Banking Committee markup schedule. Sources confirm the draft still bans rewards on idle stablecoin holdings while allowing yield on transactional activity.

**Why it's important.** The yield ban is the most contentious issue blocking the Clarity Act, the long-awaited U.S. digital asset bill. Crypto-native issuers like Circle want to offer yield to compete with money-market funds, while banks argue that yield-bearing stablecoins would drain deposits. The delay signals the lobbying battle is far from resolved.

**The big picture.** The outcome will set the terms of competition between stablecoins and bank deposits in the U.S. If the idle-balance yield ban survives, it preserves banks' deposit franchise but limits stablecoins' appeal as savings instruments. A reversal would represent the most disruptive regulatory shift for U.S. banking since the repeal of Regulation Q.

Briefing  
**Tech**

## Morpho launches AI agent interface for autonomous DeFi lending

**The information.** Morpho, the decentralized lending protocol, [released Morpho Agents in beta on April 8](#), a machine-readable interface giving AI agents full read, simulate, and write access to its lending markets on Ethereum and Base. The product includes a CLI/MCP server compatible with Claude, Cursor, and 30+ AI tools, as well as a builder knowledge base.

**Why it's important.** Over 130,000 AI agents have registered on-chain identities since January 2026. Morpho is positioning itself as the first major lending protocol to offer native infrastructure for autonomous agents, targeting institutions, agent developers, and app builders who want to embed lending without human-in-the-loop workflows.

**The big picture.** The launch crystallizes a broader trend: DeFi protocols are building for machines, not just humans. As Morpho's CEO, Paul Frambot, remarked [in the latest interview for The Big Whale](#): "We're moving toward a future split between two complementary types of computing: deterministic execution (via blockchains and smart contracts) for absolute certainty, and probabilistic execution (driven by AI) for flexibility and adaptability. AI agents will need access to financial rails to act autonomously, creating a dual challenge of enabling fast on-chain interactions while constraining their probabilistic behavior within safe, guaranteed bounds. Morpho is building in this space by deepening agent integration—providing protocols for yield and lending, plus a developer kit that accelerates the development of applications on top—anticipating a large market share for agents interacting with the chain."

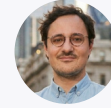
## Tinder and Zoom adopt World ID iris scans to verify human users

**The information.** Tinder and Zoom announced [on April 15 integration with World ID](#), the iris-scanning identity system from Tools for Humanity, co-founded by OpenAI CEO Sam Altman. Users scan their iris via an app or physical Orb device to receive a cryptographic "proof of humanity" credential. DocuSign, Shopify, and Coinbase have also signed on.

**Why it's important.** Romance scams cost US consumers over \$1 billion in 2025 (FTC). AI-generated deepfakes are making impersonation easier across video and messaging platforms. Biometric proof-of-humanity is emerging as a category response, shifting verification from document checks to cryptographic attestations that travel across apps.

**The big picture.** The partnerships mark a tipping point for on-chain identity entering mainstream consumer apps. But they raise questions about biometric data governance, user consent at scale, and whether a single company, linked to the CEO of the world's leading AI firm, should become the default gatekeeper for proving you're human.

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