

market notes:

On Bitcoin, Buggies and Bonds... Green Bonds

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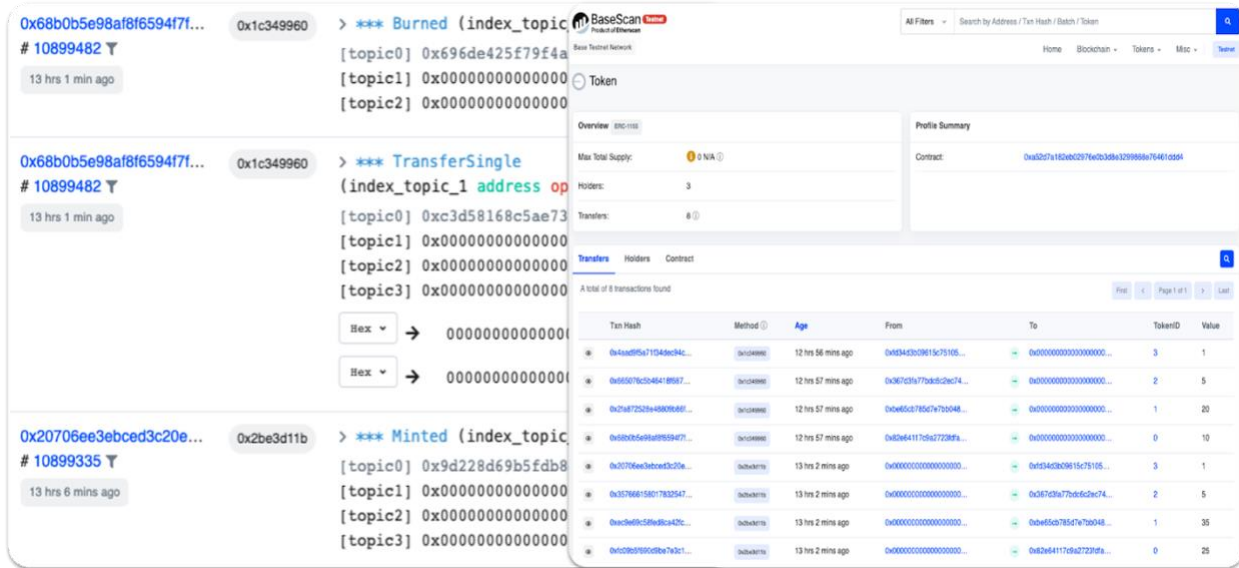
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10/20/23 – Shaun Martinak & Marcel Kasumovich, Coinbase Asset Management**

1. “Choose a leader who will invest in building bridges, not walls.” Socially exhausted after meeting more people in a week than for all of the previous year, and stuck on where to get started on market notes, I get side-tracked, hunting for solitude, stumbling into the work of Suzy Kaseem. Her [words](#) capture my unapologetic enthusiasm for crypto rails and our Project Diamond. A story – that’s what people want.
2. Project Diamond is a bridge between traditional and digital assets. It obliterates the conventional walls of finance. We are creating the Diamond Standard for financial transactions – built to scale finance like software. Its prospective network is teaching us that use cases are beyond finance. Leaders in food, health care, and art from all corners of the world want to create digitally native assets, and they’re probing our Diamond platform as their solution.
3. We started our Diamond story in the UAE this week posing a question: How do you build something that scales for eight billion people? Build global, execute local. Our modest, dedicated group executed a blockchain-based “Green Bond” for the SuperBridge conference. They appreciate hitting eight billion people starts with one. A willing audience becomes the network that achieves scale, not the original architects. Just like the internet.
4. Four network nodes. That’s how the internet began in [1969](#). The longest connection was Southern California to Utah, managed by a 29-year-old. Experts were skeptical, worried about sacrificing scarce computing capacity. Of course, the internet evolved in the opposite direction from scarcity. Today, it has 5.3 billion users and will soon blanket the world courtesy of satellites. It’s the communication bridge to all people in all places at all times. Abundance.
5. Yet, the internet is also massively underutilized. Information travels the speedy lanes of its superhighway, whizzing past financial value that moves by cart-and-buggy. Digital communication is ubiquitous; banking services are not. Nearly 2 billion people are unbanked. So are more than 200 million companies. Incumbent banking is also censoring what rides in the cart, blocking various professions including ones that integrate with crypto. Scarcity by fear.
6. Digital asset rails are a solution – a natural integration with the internet – not a problem. And just like with the internet, incumbents and experts are skeptical of new digital rails. But the wheels of progress are attached to a bulldozer for these cohorts – they will be overrun. And it’s not special to crypto. Innovation is the art of making more with less. Better, faster, cheaper. Digital rails are the innovation. It’s everywhere and it never stops.

7. That's what bitcoin proved for money. We can transfer value safely, over the internet, at nearly zero cost. But applications are lagging – and that's where Project Diamond comes in. A platform to create digitally native financial instruments, markets, and services. Two years in the making, we started at SuperBridge with a "Green Bond," issued and run on the platform, powered by Ethereum, verifiable on the blockchain (Figure 1).
8. What problem are we solving? Excellent work is already being done on carbon offsets, with the [IIF](#) bringing global players together. We are embedded in that network, using tokenized offsets to neutralize carbon in one of our strategies. But offsets are just a bridge to clean energy, not a license to pollute. The goal is to price the cost of emissions so that less carbon is emitted, raising incentives to invest in clean energy – like nuclear energy, where the UAE is a leader.
9. In April 2008, UAE made a long-range commitment to nuclear power. And 2008 was not an easy macro backdrop for long-term vision! Then, in 2009, the UAE and USA entered a [nuclear accord](#) that is regarded as the world's gold standard. In 2020, UAE's nuclear power production began with cooperation from the United States, Korea, and international organizations. The country's nuclear vision makes it the ideal place for our Green Bond trial.
10. How does it work? A bond is issued with clean energy certificates tied to nuclear power generation – a warrant that is a sweetener. It is all done on crypto rails on the Diamond platform. The elegance of nuclear – entities like the Emirates Nuclear Corporation monitor, in [real-time](#), the emissions avoided by clean power. Those are converted directly into financial incentives by programmable, blockchain-based financial instruments. Shaun explains it [here](#) (Figure 2).
11. Global scale starts with one use case. We've done that. Now, the fun part starts – building a worldwide network of users and cases all to the highest of regulatory standards. Regulators are taking a leadership role in partnering with us to define the permissioning layer on how these strategies enter the mainstream. UAE is our base for bringing the Diamond Standard to global finance. And what an inviting hub it is. Shukran, habibi.

Figure 1 – Verify, Don't Trust. (It's alive.)



The screenshot displays the Etherscan.io interface for a token contract. The top section shows a search bar and navigation links. Below, a list of transactions is visible, with the third transaction selected. The transaction details for the selected transaction are as follows:

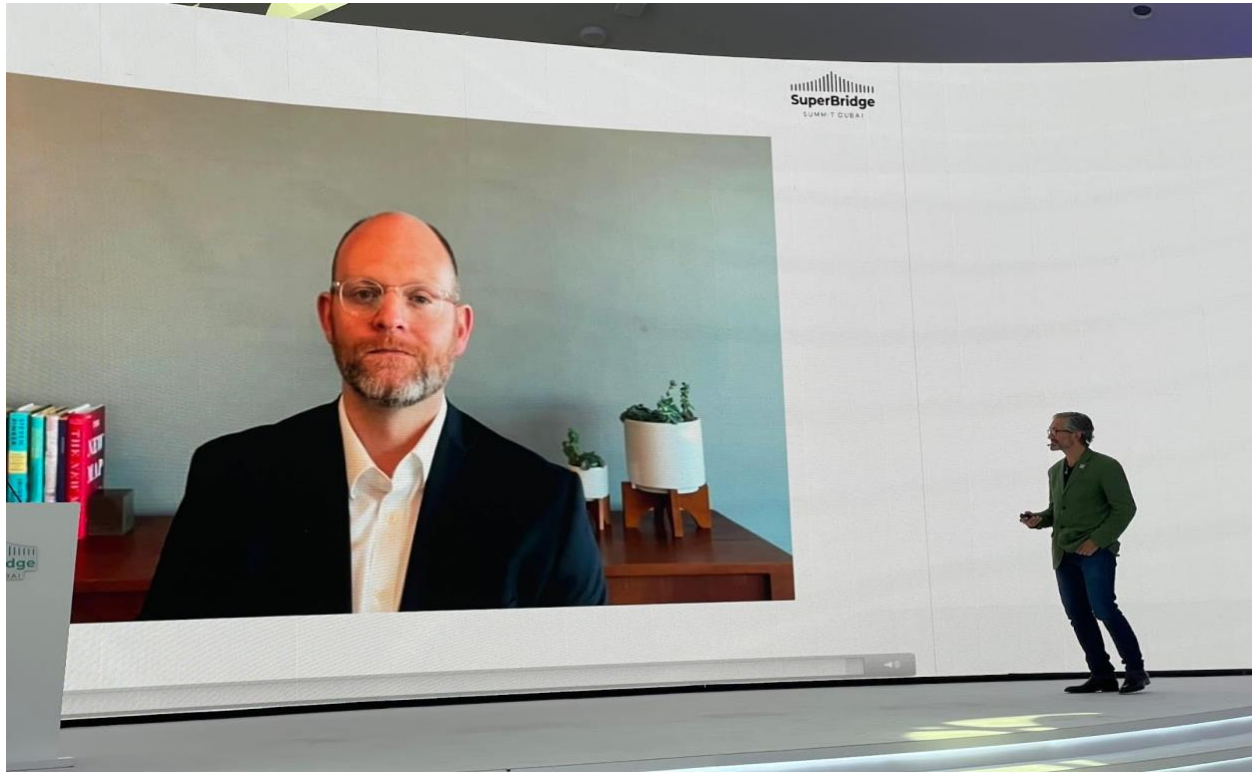
- Transaction Hash:** 0x20706ee3ebced3c20e...
- Method:** Burned
- Age:** 13 hrs 2 mins ago
- Topics:**
 - [topic0] 0x9d228d69b5fdb8...
 - [topic1] 0x0000000000000000
 - [topic2] 0x0000000000000000
 - [topic3] 0x0000000000000000

The 'Transfers' section shows a table of 8 transactions found:

Txn Hash	Method	Age	From	To	TokenID	Value
0x4aad957154dc94c...	burned	12 hrs 56 mins ago	0x0343b0815c75105...	0x0000000000000000...	3	1
0x650076c2048418987...	burned	12 hrs 57 mins ago	0x067c39a770a5d2ac74...	0x0000000000000000...	2	5
0x2e672537e490966f...	burned	12 hrs 57 mins ago	0x065c2785c7e792048...	0x0000000000000000...	1	20
0x020265648d895947...	burned	12 hrs 57 mins ago	0x02e64117c9a2729fa...	0x0000000000000000...	0	10
0x0706ee3ebced3c20e...	burned	13 hrs 2 mins ago	0x0000000000000000...	0x0343b0815c75105...	3	1
0x35786815817832547...	burned	13 hrs 2 mins ago	0x0000000000000000...	0x067c39a770a5d2ac74...	2	5
0x0e3e69c5089ca47c...	burned	13 hrs 2 mins ago	0x0000000000000000...	0x065c2785c7e792048...	1	35
0x020265648d895947...	burned	13 hrs 2 mins ago	0x0000000000000000...	0x02e64117c9a2729fa...	0	25

Source: <https://etherscan.io/>.

Figure 2 – Big Ideas, Big Shaun... Really Big (Pay Attention).



Source: SuperBridge Conference. Video available on VIMEO: <https://vimeo.com/874250459?share=copy>

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