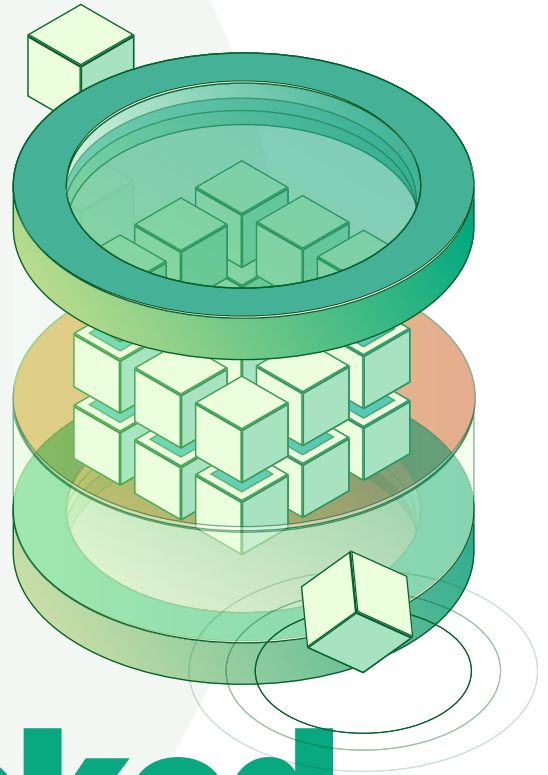




Educate
Collaborate
Promote

Web3 Unpacked

Monthly Newsletter  April '24



Inside THE ISSUE

- **Deep Dive**
The Evolving Web3 Investment Landscape 2-4
- **Monthly Recap**
Noteworthy activities of the Association 5-8
- **Policy News**
Policy updates from around the world 9
- **News Round-up**
Key Highlights for the Month 10-13
- **Use Cases**
Web in the World 14
- **Glossary**
Simplifying the Web3 World 15-16
- **In Focus**
Our Affiliates 17

Introduction

The Web3 Investment Landscape has undergone a significant transformation over the years, both globally and within India, influenced by global regulatory developments, innovations within the Web3 space and changing market trends from the pre-COVID era to 2024.

In the initial years, investment in Web3 was characterized by a significant inflow of capital fuelled by a growing interest in blockchain and crypto with startups in the space receiving substantial investments. The initial enthusiasm in Web3, driven largely by speculative, high-risk investments has since given way to a more strategic, value-driven funding approach. This is reflected in the marked increase in funding for different Web3 verticals such as Blockchain infrastructure, Metaverse, Blockchain Gaming, Decentralized finance (DeFi) and Non-Fungible Tokens (NFT).



Investment Trends

In 2021, the sector saw a huge inflow of capital with venture capitalists deploying over \$30B+ globally into crypto startups with close to 50 crypto startups raising over \$100M. As per data from Pitchbook, around 1,278 deals took place with the average seed raised rising from \$1.5M in 2020 to \$3.3M in 2021. This was followed by a slump in VC funding for the sector with factors such as the collapse of major crypto companies like Terra and FTX, along with a rise in interest rates from major central banks contributing to the decline in funding. In 2023, VC investment in the crypto industry totaled \$9.5 billion.

Web3 Investment trends are also affected by the prevailing market conditions. The onset of the COVID-19 pandemic for example led to a global decline in investments across sectors, which had a cascading effect on investments in the web3 sector. Similarly, in 2023, the Indian Web3 investment landscape was also negatively affected by the global climate with Indian Web3 startups only seeing funding of \$270M during the year, a decline of 81% from the previous year's funding.

Maturing Web3 Investment Landscape

However, despite these challenges, sectors like the metaverse and foundational blockchain infrastructures have continued to attract substantial investments. The years have also seen the Web3 sector undergo a phase of rationalization where only projects with strong fundamentals and clear value propositions continue to attract investment. The first quarter of 2024 has seen an uptick in investment for the sector, breaking a two-year downward trend with data suggesting an increase in the number of projects securing VC funding since the last quarter of 2023.

Further, recent years have also seen a change in the nature of investments in Web3 towards more diversified, sustainable, long-term value creation, with a growing emphasis on the verticals of NFT, blockchain gaming, and the metaverse. VCs and institutional investors have moved to building ecosystems that offer tangible solutions and integration of this emerging technology across various industries.

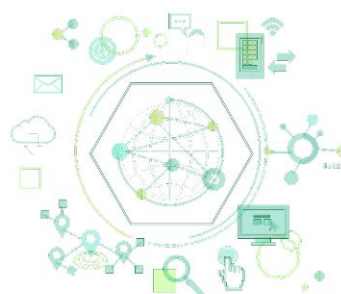
Increasing Regulatory Clarity

As time has progressed, as has regulatory clarity on Web3 across the world. From MiCA in Europe to Dubai VARA in the UAE, several countries have taken major steps towards establishing regulatory frameworks for the sector.

This has contributed to restoring investor confidence in the sector and fostered a more robust growth environment for blockchain technologies. In India however, regulatory uncertainty still prevents the sector from reaching its full potential and attracting global investments into the sector.

By 2024, clearer regulatory frameworks have started to emerge globally, which is likely to encourage more institutional investors to enter the Web3 space. With close to 12% of the global pool of web3 developers and more than 1000 Web3 start-ups residing in India, a clearer regulatory framework will drive greater VC and institutional investors to invest in innovative Indian Web3 start-ups.

While Indian regulators have taken several steps which have brought legitimacy to the Web3 and VDA ecosystem, the development and implementation of a forward-looking regulatory framework for the Web3 sector will provide a more stable foundation for significant investments into the sector in the future.



Looking Forward

The investment landscape for the sector, which has seen periods of high VC investment in its early years to a more measured approach now reflects the evolution of broader economic and technological trends and a growing recognition of Blockchain and Web3's potential to drive innovation across various sectors, beyond mere currency or speculative assets.

Release of the BWA Immediate Action Plan

In anticipation of the upcoming Budget, which will lay the groundwork for Viksit Bharat 2024, the Bharat Web3 Association (BWA) proposes the following initiatives to be included in the government's immediate action plan to support the growth of the Web3 sector

- Promote recognition of the Web3 sector within various government initiatives, such as Startup India.
- Advance regulatory clarity in line with the G20 agenda for Web3.
- Enhance focus on initiatives such as regulatory sandboxes, hackathons etc to nurture startup innovation culture in India.
- Intensify efforts to tap into the developer talent pool and initiate upskilling programmes to ready a workforce for emerging technologies.
- Facilitate Ease of Doing Business by providing accessibility to C-KYC and banking services.
- Rationalize taxation framework to position India as a global Web3 hub.

Home > Cryptocurrency > Cryptocurrency News > Inclusion Into Startup Initiatives, Risk Mitigating Policies: BWA Lists Web3 Needs for Upcoming Government

Inclusion Into Startup Initiatives, Risk Mitigating Policies: BWA Lists Web3 Needs for Upcoming Government

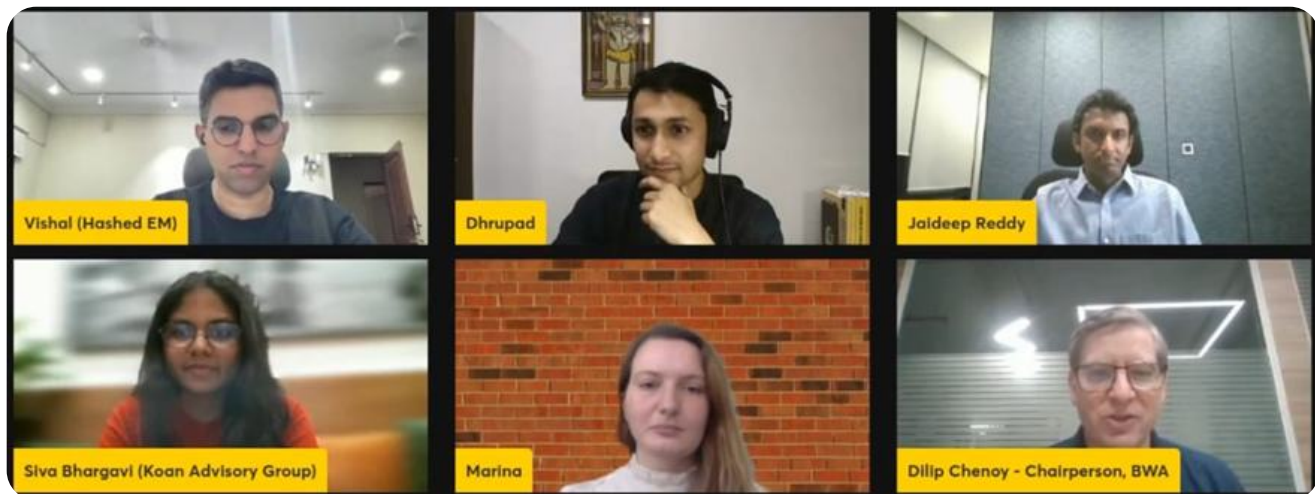
Formed in 2021, the BWA is touted as India's largest industry body representing the Web3 firms working around cryptocurrencies, metaverse, blockchain, and NFTs.

Written by Radhika Parashar, Edited by Siddharth Suvarna | Updated: 29 April 2024 15:47 IST

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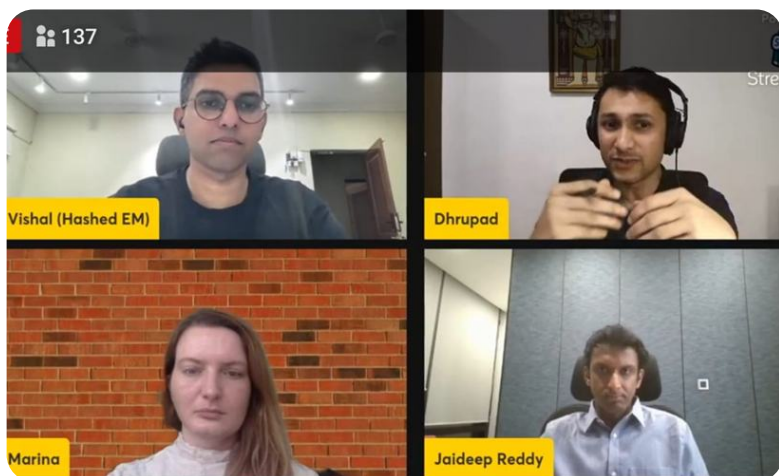
BWA LinkedIn Live



The BWA hosted its first LinkedIn Live session on 19th April on "Decoding Crypto: Legal Landscape & Courtroom Cases". The discussion saw Industry experts opine on legal matters and the regulatory landscape around crypto assets.

The discussion aimed to provide a clearer understanding of the current legal challenges and considerations in the rapidly evolving crypto space.

Experts on the panel addressed topics pertaining to compliance with existing financial regulations, the impact of recent courtroom cases on the crypto industry, and potential future developments in the space.



Release of the BWA Token Listing Guidelines

Bharat Web3 Association released its Token Listing Guidelines for Investor Protection and Market Efficiency on 19th April 2024. The guidelines are based on the PEC-Framework of Investor Protection, Market Efficiency, and Credibility & Safeguards, ensuring a robust foundation for the Web3 ecosystem.

The guidelines are a combination of 3 Essential Metrics and 10 Indexed Metrics, applicable to Virtual Digital Assets/Tokens representing assets or interests tokenized on VDA blockchains. This initiative sets standards for compliance within the Web3 sector, amplifying transparency and security.



New Associate Joined the Association



Transak

Transak is the world's largest and most compliant web3 payment infrastructure provider, serving over 5 million users across 160 countries. It powers 350+ platforms, facilitating the purchase and sale of digital assets with its API-driven solutions that simplify KYC, compliance, and customer support. Headquartered in Miami, US, and incorporated in Delaware, Transak has a tech hub in Bengaluru and offices in London, Milan, Dubai, and Hong Kong.

BWA welcomed new affiliates to the Association!



Lavneet Bansal

Lavneet Bansal is currently working as a principal consultant at 0xThree. He has led diverse, cross-functional teams in the ideation, development, and launch of cutting-edge Web3 products such as Decentralized Autonomous Organizations (DAOs), wallets, lending platforms, and Decentralized Finance (DeFi) solutions.



Pranay Agarwala

Pranay is an experienced lawyer with expertise in Corporate Law and Dispute Resolution, he is known to bring a distinctive perspective to commercial transactions and business disputes. His adeptness in technology and science enables him to deliver tailored legal counsel to clients in industries.



Vipin Tygai

Vipin Tygai is an experienced commercial lawyer with over 14 years of experience in litigation, arbitration, and transactions across various sectors including technology, infrastructure, real estate, power, and manufacturing.

Thailand to Block Access to 'Unauthorized' Crypto Platforms

Subsequent to a meeting between the Technology Crime Prevention and Suppression Committee, the Thai Securities and Exchange Commission (SEC) was directed to submit information on unauthorized digital asset service platforms to the Ministry of Technology and Crime Prevention with an aim to block access to such platforms to increase efficiency of law enforcement in combating online crime. The SEC has also advised users to withdraw their assets from such platforms before losing access to the services. In recent times, Thai regulators have been attempting to strike a balance between supporting the crypto ecosystem and preventing fraud, they have emphasized on the need for custodians to have a contingency plan if things go south.

[Read more](#)

IRS Unveils Form Your Broker May Send Next Year to Report Your Crypto Moves

The U.S. Internal Revenue Services (IRS) has released a draft of Form 1099-DA (Digital Assets Proceeds from Broker Transactions) which offers a glimpse of the future of crypto reporting. Under the proposed regulations, brokers would be required to report exchange of digital assets on or after January 1, 2025, on the form. In certain circumstances, brokers would also be required to include gain or loss and basis information for sales that occur on or after January 1, 2026. Observers suggest the industry will need some more information before the draft form makes sense.

[Read more](#)

New EU rules to combat money-laundering adopted

In a bid to combat money laundering, the European Parliament has approved fresh regulations with enhanced due diligence and identity check measures. The new regulation will apply to all Crypto- Asset Service Providers (CASP) under Markets in Crypto-Assets (MiCA). The regulation has empowered Financial Intelligence Units to analyze and detect money laundering and suspend suspicious transactions. An Anti-Money Laundering Authority (AMLA) will be established in Frankfurt to supervise the regulations. The due diligence rules shall also be applicable to football clubs and agents starting 2029.

[Read more](#)

National News

India's first Metaverse Experience Center launched in Noida

The Indian metaverse research and advisory firm, Metaverse911 has established the country's first Metaverse Experience Centre (MEC) in the city of Noida. The establishment of the center marks a significant event in the technology landscape of India which will allow its' visitors to learn and explore the potential of extended reality (XR) including augmented, mixed, and virtual reality technologies. Through this center, the Metaverse911 team plans to foster a vibrant community, conduct monthly industry focused workshops, and further expand the concept in other Indian cities.

[Read more](#)

KuCoin India to implement 1% TDS on crypto transfers

After the successful registration of the exchange with the FIU in the country last month, Kucoin has announced the implementation of 1% Tax Deducted at Source (TDS) for its' Indian users. Further, an additional rate of 5% may be applicable on transactions falling under section 206AB of the Income Tax Act, 1961 where the user has not filed an IT Return for 2 years or more and the TDS amount in each year is more than Rs. 50,000. Even though the introduction of TDS has garnered mixed responses from the Indian user community, the exchange has highlighted that TDS is one of the steps towards creating a transparent and regulated market for crypto transactions in India.

[Read more](#)

Binance to restart operations in India as compliant FIU-registered entity

The World's largest crypto exchange, Binance which was one of the nine offshore crypto asset exchanges to be banned in India for flouting Prevention of Money Laundering Act (PMLA) norms in January this year is set to restart its operation after shelling out a \$2 million penalty. Binance will return as a Financial Intelligence Unit (FIU) registered entity which is tasked with the oversight of trade in Virtual Digital Assets (VDA) and shall comply with all applicable Indian laws including the PMLA along with the VDA taxation framework. Upon its return, Binance plans to offer localized payment solutions and further invest in the country's blockchain system.

[Read more](#)

India has one of the largest web3 ecosystems globally with over 1,000 startups: Report

India has one of the largest web3 ecosystems in the world, boasting over 1,000 startups and 12% of global web3 developers, according to the second edition of Hashed Emergent's report, 'India's Web3 Landscape 2023'. In 2023, the sector received \$250 million in investment, a decrease from 2022, but deals remained steady, indicating sustained interest in early-stage Web3 start-ups, the report added.

[Read more](#)

International News

FalconX Launches New Prime Brokerage Service for Institutional Investors to Trade

Post the FTX fiasco, crypto asset trading firm FalconX has launched a new brokerage service, 'Prime Connect' with an intent to reevaluate the importance of safeguarding client assets in custodial setups. The World's leading crypto asset options exchange, Deribit is the first exchange to partner with Prime Connect.

[Read more](#)

HRF launches the Finney Freedom Prize

The Human Rights Foundation announced the launch of the Finney Freedom Prize to celebrate global achievements in Bitcoin and Human Rights. The award is named after Bitcoin pioneer Hal Finney, who will also be the inaugural recipient posthumously.

[Read more](#)

EY launches blockchain-based business contract management solution on Ethereum.

During the annual EY Global Blockchain Summit, global professional services company Ernst & Young launched the EY OpsChain Contract Manager which will facilitate data synchronization between different businesses and enforce key terms using smart contracts.

[Read more](#)

Shiba Inu Fetches \$12M Investment in a Token Sale to Build Privacy-Focused

With the purpose of building its privacy focused blockchain, the 12th largest crypto asset, Shiba Inu has raised \$12 Million through a token sale round from 15 investors for its upcoming utility and governance token 'TREAT'.

[Read more](#)

Kraken acquires TradeStation Crypto to expand reach in the US.

President Biden has released his 2025 budget proposal featuring several provisions to alter the crypto asset industry, including a wash sale rule for digital assets and an excise tax for crypto mining operations. The proposed budget would implement a 30% excise tax corresponding to the cost of energy used by crypto mining firms

[Read more](#)

Hong Kong's 'in-kind' spot bitcoin and ether ETFs to start trading April 30

Hong Kong has officially approved the first batch of crypto based spot ETFs to begin trading from 30th April 2024. The country's financial regulator, the Securities and Futures Commission approved six bitcoin and Ethereum based spot ETFs becoming Asia's first to accept crypto products as a mainstream investment tool.

[Read more](#)

International News

Worldcoin launches World Chain: a human-centric blockchain for global

In an effort to accelerate the adoption of 'World ID' the Worldcoin Foundation announced World Chain, a permissionless, open-source Ethereum Layer 2 designed to meet human-centric needs globally.

[Read more](#)

Manchester City to release digital collectibles through multi-year partnership with Quidd.

After the launch of their NFT collection on the OKX blockchain and endeavors to build a virtual version of the Etihad Stadium in the metaverse underway, Manchester City Football Club has entered into a multi-year partnership with Quidd to develop and launch digital collectibles.

[Read more](#)

Goldman Seeing 'Resurgence of Interest' for Crypto Options From Hedge Fund Clients: Bloomberg

Hedge fund clients of U.S. banking giant Goldman Sachs (GS) have become more active in crypto options trading this year as per bloomberg. Goldman is expanding the offerings to asset managers, bank clients and certain digital asset firms.

[Read more](#)

Venezuela's Strategic Shift to Crypto for Oil Trading

Amid growing international sanctions, Venezuela has opted for Tether (USDT) for conducting their oil sales. The strategic move seeks to avoid economic barriers and evade standard U.S. financial oversight.

[Read more](#)

After a 6-year hiatus, Stripe to start taking crypto payments, starting with USDC

Fintech Giant, Stripe has announced it will bring back crypto payments with stablecoins after pulling out of crypto activity in 2018 citing volatility and instability issues.

[Read more](#)

London Stock Exchange to launch crypto ETNs on May 28

The London Stock Exchange (LSE) will launch crypto exchange-traded notes (ETNs) tracking the performance of Bitcoin (BTC) and Ether (ETH) on May 28.

[Read more](#)

IIT-Madras using blockchain for student body polls

- In a move towards democratic innovation, the Indian Institute of Technology-Madras recently implemented blockchain technology for its student elections. The initiative was led by students of the 'Webops and Blockchain Club' at the Centre for Innovation (CFI), IIT-Madras, which has since transformed into a startup, with both private and government organisations utilizing its software for managing land and health records as well.
- The adoption of blockchain technology could significantly enhance the existing voting systems and has the potential to revolutionize electoral processes worldwide. This advancement not only boosts security but also builds trust and upholds the integrity of elections, safeguarding against tampering and manipulation.

[Read more](#)

NIC India hosts 8 million Govt. documents on five blockchains

- The National Informatics Centre (NIC), a government agency under the Ministry of Electronics and Information Technology (MEITY) recently launched a website, showcasing the initiatives it has undertaken by utilizing blockchain technology. The NIC reported hosting almost eight million verifiable government-issued documents across five blockchains.
- As per data provided by the agency, it is hosting documents from six states and three government departments, covering sectors such as education, property, judiciary, and drug logistics, totalling approximately 7.93 million.
- This initiative highlights the significant strides being made in incorporating blockchain technology to enhance the transparency and security of governmental processes.

[Read more](#)

Airdrop



Airdrop refers to a marketing strategy in the Web3 space to promote awareness and circulation of a new token or coin. This involves Web3 companies sending coins or tokens to wallet addresses, usually for free, to numerous wallet addresses. E.g., MATIC transition to POL, LUNAC to LUNA.

Airdrop campaigns are mostly designed to increase awareness about a startup company's platform or product and help encourage more widespread adoption of its native token.

IDO



An Initial DEX Offering (IDO) is becoming an increasingly popular method for crypto projects to launch a new token. It refers to a project launching a token through a decentralized VDA exchange platform and is often seen as an alternative to an initial coin offering (ICO). An IDO takes place on a decentralized exchange (DEX) platform, leveraging the DEX's existing infrastructure and user base to facilitate the distribution and sale of the token.

In an IDO, the project developer mints a new token and lists it directly on a decentralized exchange, unlike traditional methods such as Initial Coin Offerings (ICOs) or Initial Exchange Offering (IEO), which often require intermediaries and are conducted on centralized platforms.

Hard fork



A hard fork refers to a significant change in the protocols of a blockchain network, which leads to a permanent split in the chain with the old version of the chain software not being compatible with the new version. Hardfork makes previous transactions and blocks either valid or invalid and requires all validators in a network to upgrade to a newer version.

A hard fork often takes place when the users of a blockchain cannot come to an agreement on rule changes or upgrades to the blockchain, among other reasons.

Softfork



Unlike a hard fork, a soft fork is an upgrade to the software of the blockchain network that is backwards-compatible and has validators in an older version of the chain see the new version as valid.

Under a soft fork, new rules can still operate under the constraints of the old rules, allowing nodes that have not upgraded to the new protocol to still participate in validating and propagating blocks. This type of fork requires only a majority of the miners to upgrade to enforce the new rules.



Transak

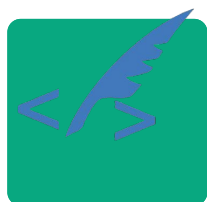


| | |
|------------------------|-----------------------------|
| Incorporated in | 12th November 2019 |
| Founder(s) | Sami Start and Yesu Agarwal |
| Sector | Infrastructure or Payments |

Transak is the world's largest and most compliant web3 payment infrastructure provider, serving over 5 million users across 160 countries. It powers 350+ platforms, facilitating the purchase and sale of digital assets with its API-driven solutions that simplify KYC, compliance, and customer support. Headquartered in Miami, US, and incorporated in Delaware, Transak has a tech hub in Bengaluru and offices in London, Milan, Dubai, and Hong Kong.



W E B T I G A



| | |
|------------------------|-----------------------------|
| Incorporated in | 22nd April 2022 |
| Founder(s) | Raghu Bala and Harish Kamat |
| Sector | AI Integrated Services |

WebTiga creates accessibility to digital services and assets by taking a 360° approach, covering all business needs. It's team is led by an professionals with strong technical backgrounds and business pedigree who have experience with leading blockchain frameworks: Ethereum, Hyperledger Fabric, Graphene.



**BHARAT WEB3
ASSOCIATION**

Educate Collaborate Promote

Bharat Web3 Association (BWA), is a platform that brings together leading Web3 players to enable and support the growth of India's Web3 ecosystem which includes Virtual Asset Service Providers (VASPs), Web3 Developers and infrastructure providers.

BWA believes that India has the potential to lead the world over the next decade by building a strong Web3 ecosystem in the country, in line with the government's "Make-in-India" and Digital India initiatives.

Our Associates

