

## Top Charts/Stats of the Week

*Agenda for this week:*

1. **ANNOUNCEMENT: We're Moving to All Free Content**
2. **NFT Marketplace Landscape: The Race to 0 Fees Just Sped Up**
3. **Trident, a New and Innovative GameFi Project**
4. **Short Intro into ZK Proofs**
5. **Outlook, Trade Ideas**

### **1. ANNOUNCEMENT: We're Moving to All Free Content**

**UpNow Crypto Research is moving to a fully free model!** We're making this choice, first and foremost, to expand our content to a wider audience. With the number of crypto investors picking up a bit again after a painful 2022, we're hoping to invite more readers into the fold, expanding the reach of what we hope will be more valuable, educational, and profit-creating insights. Payments may return sometime down the line, but for now, we'd like to explore what this model can offer. This change will also provide us more flexibility in our style/timing of writing, allowing us to explore ideas with smaller, far more timely posts, as opposed to our current format. *We will also remove the need to download documents to read our future posts!*

**For all current subscribers, you don't have to do anything.** We've already canceled all future payments, and we're in contact with yearly membership subscribers to provide pro-rata refunds for any future months they had already pre-paid for. If you have any questions, please reach out to us at [upnowcrypto@gmail.com](mailto:upnowcrypto@gmail.com) and we'll get you squared away.

**We want to thank you all for your support over the past 17 months** - it's been a journey, navigating from the ending stages of a bull market, to a full bear market featuring some truly crazy events, to what now may be the start of another cycle, and we've loved experiencing it with you all. Hopefully we can continue to provide you with value moving forward, now at no cost.

Feel free to share our Substack page with anyone you know who may be interested using the link below, and feel free to reach out to us with any suggestions on future writing! We've got some good ideas up our sleeves as well, so keep an eye out.

<https://upnowcrypto.substack.com/>

To wrap up our paid content, here's a full report, utilizing the usual format. Let's get into it!

## 2. NFT Marketplace Landscape: The Race to 0 Fees Just Sped Up

Three big NFT news events occurred in the past week: Opensea reduced their marketplace fees to zero, Blur launched their BLUR token, and SudoSwap's SUDO token began trading. Let's take a look at (a) what drove Opensea's move to zero fees, and (b) what we believe this means for the NFT market moving forward.

### What drove Opensea's move to zero fees?

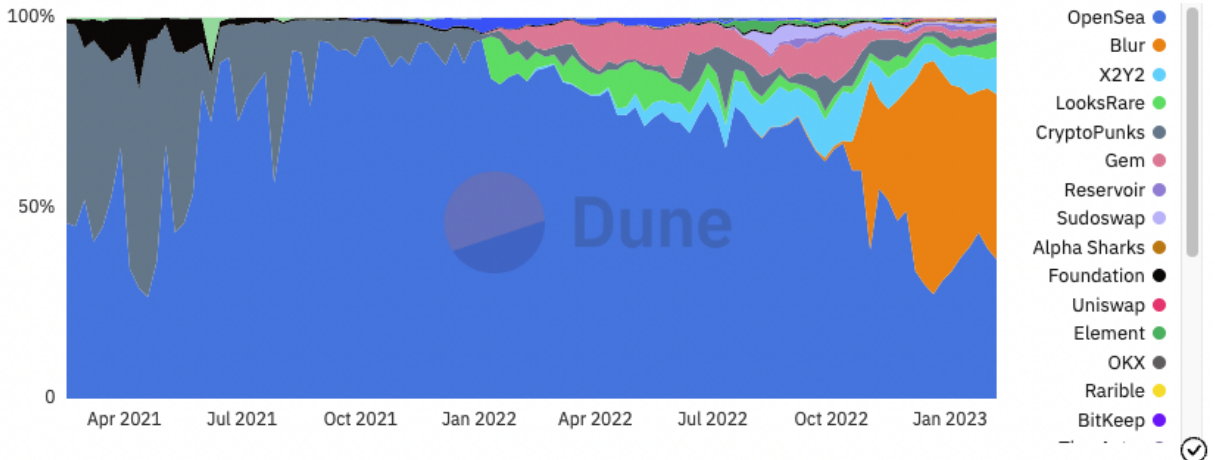
The NFT market has seen extremely high growth in the past couple years, which has unsurprisingly attracted a fair share of competition in primary marketplaces, marketplace aggregators, lending markets, and so on (and this trend is continuing, of course). The winner in terms of "primary NFT marketplaces", places for directly buying and selling NFTs, has been Opensea, which was valued at over \$13 billion in July 2022.

Despite fierce competition, fees have generally remained high until the last few months. Opensea, as the largest NFT marketplace, has taken a 2.5% fee on every trade, and collection creators have been able to enforce royalties (typically around 2.5-7.5%) on Opensea.

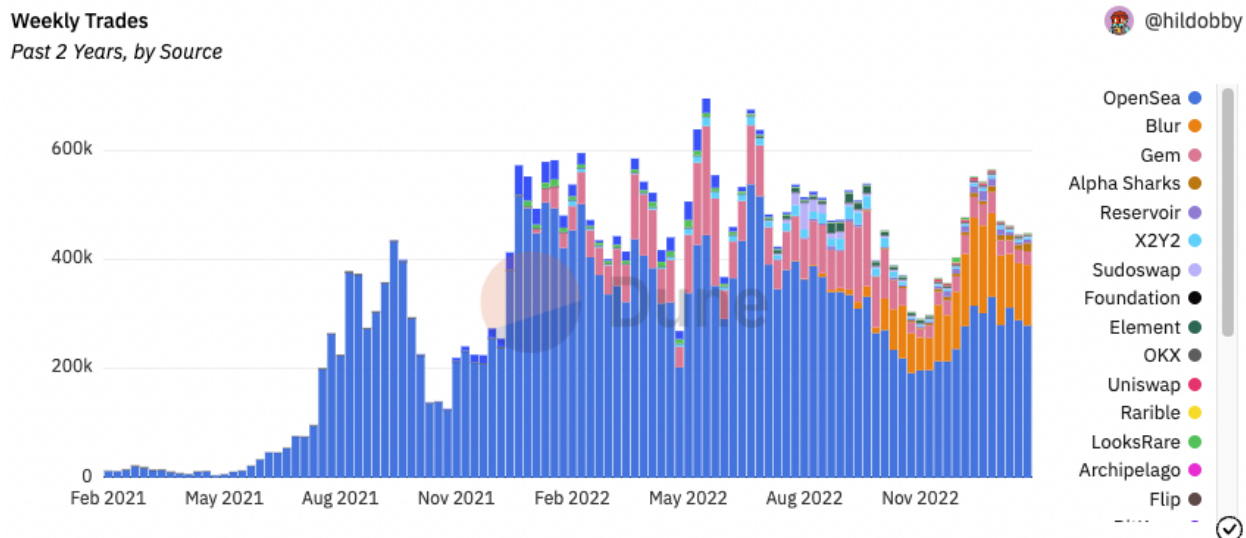
All of this changed with the arrival of Blur in late 2022. To quickly sum up Blur's rise: they launched as an aggregator, quickly added a primary marketplace with ZERO fees (and no royalty enforcements), grew their market share, began to incentivize users using a future BLUR token, and then launched their Blur token this week (valued at over \$3 billion).

Opensea responded this week by (temporarily) moving to zero marketplace fees as well, seeking to combat Blur's rising market share. Below, you can see Blur's rising share of primary marketplace volume, as well as Opensea's continued dominance by number of unique users:

Weekly Volume  
Past 2 Years, by Source



Blur eating into Opensea's volume share ([source](#))



Opensea generally maintaining user dominance ([source](#))

### What does this mean for NFT marketplaces moving forward?

High competition/growth markets, like the NFT market in recent years, have generally seen fees race to 0 over time. In equities, we've seen a similar story with Robinhood, who burst on the scene with zero commission trading, prompting other players like Interactive Brokers, Charles Schwab, and TD Ameritrade to follow suit.

However, the NFT market is obviously significantly different. Two main differences are (a) creator royalties also enter the debate as more fees that could be cut out (or not), and (b) the alternative revenue streams are very different - for brokerage firms, they can make money on their deposits through interest, lending, order flow, etc. For NFT marketplaces, they can't, so alternative revenue has to come from things like launching a token, fee-sharing creator fees, advertising, or just raising money on the promise of future growth. So, in our opinion, what does this mean moving forward?

**Marketplace fees:** This race to zero marketplace fees will continue. As long as there's market share to be captured with lower fees, someone is going to do it, which prompts other exchanges to do the same (seen by Opensea's move this week). Low fees, like a 0.5% marketplace fee, **could** still remain, but nothing like the 2.5% fees we've seen in the past. Marketplaces will have to find alternative revenue streams, because high fees won't cut it.

**Creator fees (royalties):** This will fall into two buckets:

- (a) Creators that want to enforce royalty fees as hard as possible will attempt to blacklist all non-compliant marketplaces, and they may even launch their own marketplaces (and integrate with aggregators) to enforce this. How successful this will be long-term is questionable!
- (b) Creators that accept little to no royalties, and instead opt to earn money by holding a larger

*amount of their own supply that they can sell later to earn money, or use to earn fees by lending or LPing through markets like BendDAO or SudoSwap.*

*There will likely continue to be fierce debate around which of these methods actually makes the most sense, but the market has certainly already shown a preference for low to no royalty fees. We expect a good mix of both (a) and (b) here.*

*Overall, the “NFT primary marketplace” market is experiencing some massive shifts. Where this all ends up - in the hands of 1-3 dominant players, many collections launching their own marketplaces, a wide variety of marketplaces that different collections pick, etc - is anyone’s guess at this point.*

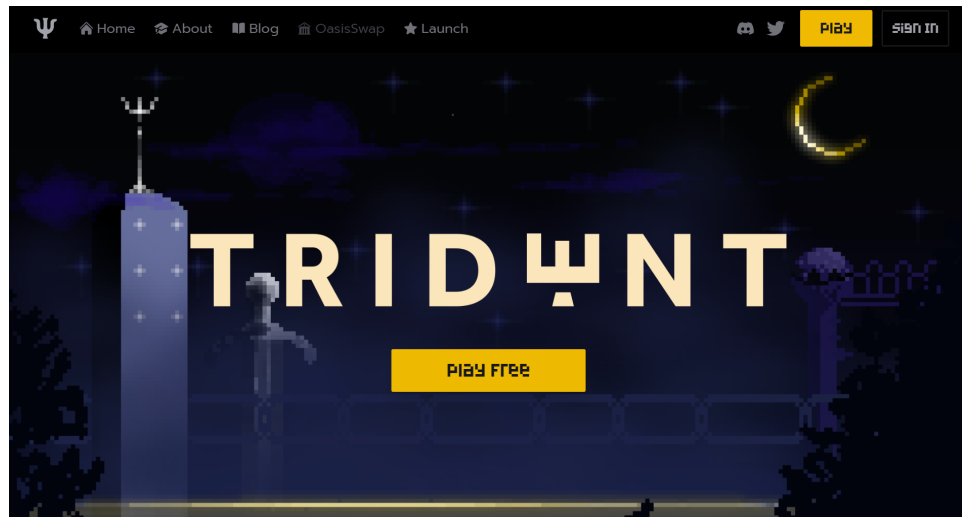
*What we do know, though, is that this will be an interesting sector to watch and, as we’ve seen from the BLUR and SUDO token releases in the past week, a **potentially very interesting place to take home some major profits**. Anyone active on Blur likely received a very solid amount of BLUR tokens for free (being active on-chain pays off!), and we had mentioned an XMON-for-SUDO trade a few weeks back that is now up over 100% since then, now that SUDO is tradable.*

*In our future, shorter writings, we hope to highlight other, similar opportunities that will likely arise.*

### 3. Trident, a New and Innovative GameFi Project

*Trident is a new blockchain game built on Arbitrum that has caught the eyes of many individuals within the crypto gaming space. The game itself is an open world, 2D MMO game that involves, battling, hunting, harvesting, bounties and more. The most captivating element of Trident is its usage of the*

*“risk-to-earn” model which, to put it simply, rewards players for risking within the game instead of just participating. We have heard so much about certain crypto models (i.e. play-to-earn, walk-to-earn, etc.) that have had their time in the spotlight, but the majority have eventually fallen off the cliff and forgotten about. Trident aims to build something far more sustainable.*



*“We don’t want to just build this game for crypto, but for the normal gaming industry.” This quote is taken directly from the official Trident Medium blog page and it is surely something to note. The developers are ambitious but have a detailed thesis on how they aim to fix the current operating system of GameFi. The biggest issue that the Trident team intends to rectify is the play-to-earn (P2E) model in web3 games which currently does not work well economically.*

*The current P2E model creates an everlasting supply pressure due to endless minting of tokens/assets, resulting in an increase in supply and a decrease in value, especially if/when player growth levels off. Games that use P2E can turn into a job rather than an entertainment outlet, driving away players. P2E only works when there are participants speculating on in-game assets, but it fails as soon as those conditions are not met.*

*The solution to this problem is to have a zero-sum structure, such as risk-to-earn (R2E), where risk and reward are the same, meaning the winner receives the bounty that was risked by the loser. It is a sustainable model because the bounty continues to be exchanged back and forth between players, with a small fee taken by the Trident treasury. This R2R model is relatively new to web3 gaming, as it rewards risk and skill rather than pure participation. The rewards in R2E are tied to something tangible/monetary, and the ability to outperform other participants is based on skill (**though, we will note, creating “purely skill-based” games with monetary incentives can prove VERY challenging, as incentives to cheat are high**).*

*Trident believes that there are many ways to gamify the R2E system, such as pet battles, open world PvP, R2E spectator betting, and duels PvP. We'll have to see which, if any, works best in practice.*

### \$PSI Token

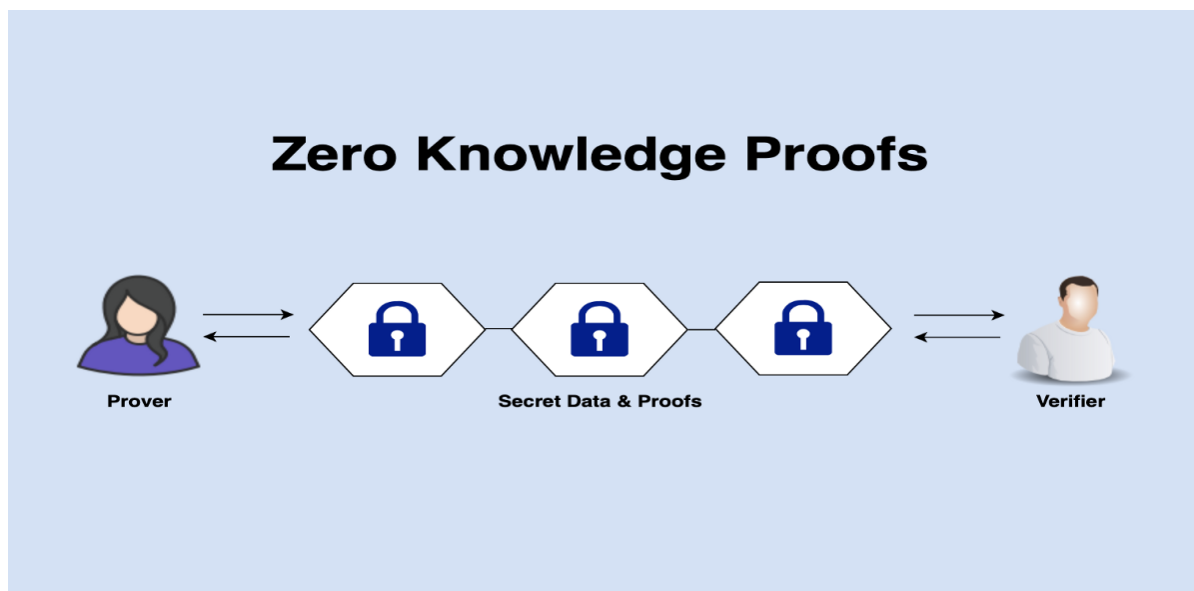


*One of the most interesting things about this project is that it was funded entirely through public raises. No venture capitalist funds were able to invest privately. The first raise was this past summer at \$0.30 per coin, followed by the second raise at \$1.40 just under three weeks ago. If you invested early into this project and were confident enough in the risk-to-earn gaming system, you could have either generated a 500%+ return or even a 2,300%+ return, which is certainly a crazy feat in today's markets.*

### Final Thoughts

*Trident, and quite possibly the \$PSI token, are both something to keep an eye on in the near future. The game seems to be interesting, and the open world aspect makes it that much more intriguing. There were references to RuneScape (the popular late 2000's PvP game) in some of the official Trident documents, which I thought was brilliant. The team is also launching a decentralized exchange (DEX) called OasisSwap here within the next couple of weeks, which initially will be pairing items within the Trident ecosystem (like \$PSI and \$INK - another token that has ties to Trident but was not relevant enough to mention in this high level overview), but will evolve into supporting many Arbitrum assets. This will certainly be on our radar for the upcoming future - **however**, as mentioned earlier, some risks here are (a) it's extremely challenging to **actually** create a skill-based online game with monetary incentives (talking about it vs doing it are very different stories), and (b) the crypto gaming market has been largely dead in recent months, which could provide some headwinds.*

#### 4. A Short Intro Into ZK Proofs



*If you have been on Crypto Twitter lately, you may have seen a lot of people pushing the idea that Zk proof coins are the next ones to perform well during this market rally. In our opinion this “narrative” was a forced one, but that doesn't mean this technology isn't very exciting. It's a fairly new cryptographic concept that has been gaining a lot of attention, and for good reason. So, what are they? In this short piece I will be going very high level on what they are and some cool applications.*

*In summary, Zero-Knowledge Proofs is a type of cryptographic function that allows one party (the prover) to prove to another party (the verifier) that they know a certain piece of information, without revealing what that information is. This may seem simple, but this is a breakthrough in cryptography as it increases the security of information for individuals immensely. Why do we need this? Let's use an example from ethereum.org*

*Let's say you need to prove that you are a citizen of a specific country. To do so, you would need evidence to back up this claim such as a passport or ID. This is exactly where the problem is. This form of evidence is usually stored in central databases which are subject to hacks. ZK proofs solve this by eliminating the need to show evidence that could be sensitive. Instead, the only evidence you would need would be a portion of a proof that can prove your citizenship.*

*To make this possible, zero-knowledge protocols rely on algorithms that take data from the prover as an input and return 'True' or 'False' as an output. Below is a summarized overview from ethereum.org that goes over the parts needed for a zero-knowledge protocol.*



**1) Completeness:** *If the input is valid, the zero-knowledge protocol always returns ‘true’. Hence, if the underlying statement is true, and the prover and verifier act honestly, the proof can be accepted.*

**2) Soundness:** *If the input is invalid, it is theoretically impossible to fool the zero-knowledge protocol to return ‘true’. Hence, a lying prover cannot trick an honest verifier into believing an invalid statement is valid (except with a tiny margin of probability).*

**3) Zero-knowledge:** *The verifier learns nothing about a statement beyond its validity or falsity (they have “zero knowledge” of the statement). This requirement also prevents the verifier from deriving the original input (the statement’s contents) from the proof.*

*In basic form, a zero-knowledge proof is made up of three elements: **witness, challenge, and response.***

- **Witness:** *With zero-knowledge proofs, the prover wants to prove knowledge of some hidden information. The secret information is the “witness” to the proof, and the prover’s assumed knowledge of the witness establishes a set of questions that can only be answered by a party with knowledge of the information. Thus, the prover starts the proving process by randomly choosing a question, calculating the answer, and sending it to the verifier.*
- **Challenge:** *The verifier randomly picks another question from the set and asks the prover to answer it.*
- **Response:** *The prover accepts the question, calculates the answer, and returns it to the verifier. The prover’s response allows the verifier to check if the former really has access to the witness. To ensure the prover isn’t guessing blindly and getting the correct answers by chance, the verifier picks more questions to ask. By repeating this interaction many times, the possibility of the prover faking knowledge of the witness drops significantly until the verifier is satisfied.*

*Next, we will go over some use cases for this technology. We will probably dive deeper into Zk proofs in the near future, but for now this hopefully gives you a basic understanding of them.*

- **Anonymous payments** - *Zero-knowledge proofs can be used to make transactions anonymous on public blockchains. An example of this is Tornado cash, which has been deemed illegal by the US government just this past year. Yes, this tool can be associated with illicit activity, but there are many reasons why privacy is wanted by individuals*
- **Identity protection** - *In my opinion, I think this is the biggest use case. Like stated in the earlier example, ZKs allow you to prove your identity without giving up sensitive*



information. This is a huge step forward in security as identity theft continues to increase at a rapid pace

- **Verifiable Computation** - ZK proofs allow users to outsource computation (computation power) to a third party while maintaining the verifiable results. The third party could then simply submit the correct result along with the proof verifying that the program was executed correctly. This can be used to help scale blockchains and limit the amount of computation on-chain. It can also be done off-chain, furthering the efficiency of a particular blockchain.

Zero-knowledge proofs (zk proofs) are a cryptographic method that allows one party to prove to another that they know a secret without revealing the secret itself. This concept has important applications in various fields, including finance, privacy, and cybersecurity. Essentially, zk proofs can be used to verify the authenticity of sensitive information without revealing any actual data, making them a powerful tool for secure communication and transactions. By leveraging complex mathematical algorithms, zk proofs enable parties to prove knowledge of a secret to each other without exposing the secret to anyone else, providing a valuable layer of protection in today's data-driven world.

## 5. Trade Ideas

*Our outlook at this point is not very strong in either direction - although we anticipate a decent pullback in the coming two months, without making new lows in BTC or ETH, short-term it's harder to call for us. Due to this, we'll only provide the trade ideas we're looking at, rather than wasting your time with an outlook that we aren't very confident in.*

### Trade Ideas

**1) COIN options:** *Two ways I'm looking at this, and neither are remotely complicated options strategies. In fact, they're just naked calls and puts. If my short-term view gets a bit more bullish, I'm looking to buy calls if COIN can fall back to under \$62. On the other hand, there's something to be said for hedging a wider market dip using COIN puts as well...so this one is a tougher one to call. Regardless, I think there's something here, and I lean more towards the call side of things especially if your expiry is longer than, say, 3 weeks out. That said, if you (like us) expect a somewhat-sharper pullback coming in the next month or two, hedging other trades using logically placed puts here may be something to look at. It all depends on your view's time horizon and expected volatility.*

**2) RLB:** *This is a token we wrote about on January 30th, when it was trading around \$0.025. It's now trading around \$0.057. I won't be buying any more at this level - in fact, to be transparent, I sold a bit here - but I'd like to re-enter if we can get a decent pullback, perhaps to around \$0.039. This token is still really only traded on Raydium (decentralized exchange on Solana), and I believe it could get a "real" exchange listing sometime soon. It's also just a popular product, has good tokenomics, and people obviously like the coin. With the massive price increase in recent weeks, it's obviously riskier, but I still believe this can have some juice on a multi-month time horizon, especially if a better entry is acquired. The risk here, for me, is that it just keeps going with no pullback, in which case I'll likely just move on with what I do still own.*

**3) SUDO:** *Although I have already sold the SUDO I earned by locking XMON (the trade idea we discussed a few weeks back) as it was up over 100%, I'm looking to potentially re-enter this trade at a lower price (at the time of writing, it's around \$3.40) for a few reasons:*

- *SUDO's valuation is far lower than that of BLUR's - roughly \$200 million vs \$3.5 billion. Yes, Blur is currently killing SudoSwap in terms of number of users and volume, but I don't need SudoSwap's valuation to catch up with BLUR's. I just need it to play some catch-up.*
- *SudoSwap will likely have v2 releasing in the near future, which could fuel another leg up as well.*
- *The biggest risk here is, of course, a market-wide pullback that could really hurt both BLUR and SUDO. Still, rather than hedging or pair trading this (considered both), I'd likely just set a mental stop level and get out if the token falls to that.*

*Stay safe, and we'll be back with you soon!*

## **Disclaimer**

**The opinion and commentary herein is provided for general information purposes only and should not be construed as investment, tax or legal advice, and does not constitute an attorney/client relationship. Such information is believed to have been obtained from sources deemed reliable but is not guaranteed. Past performance of any market results including crypto currencies and such related assets is no assurance of future performance. Investing is risky, and you can lose what you put in.**