

THE BITCOIN

BTC

As you know, our readings focus primarily on the "study" of publicly traded companies, based on the principles of fundamental analysis. However, while there is already much to cover in the world of stocks, we wanted to discuss Bitcoin, which is becoming an increasingly unavoidable topic as time goes on, and for good reason: today, the total value of all mined bitcoins is estimated at \$2.24 trillion. Given that this is a vast and highly complex subject, we will strive to make this document accessible and concise. The goal of this reading is to understand what Bitcoin is and its financial implications in order to answer the question: "Should we buy Bitcoin?"

History : A crucial section of our writing, the historical part is particularly important here, because although the official year Bitcoin was introduced to the world is 2008, decades were needed to lay the essential foundations of cryptography. Indeed, the concept of cryptography dates back to the 1970s, before the publication of "Computer Systems Established, Maintained, and Trusted by Mutually Suspicious Groups" in 1982 by David Chaum, which proposed a protocol similar to that of the Blockchain. Following this, Stefan Brands developed similar protocols, but their adoption was limited because they required centralized control. More "revolutionary" systems appeared in the late 1990s with Hashcash, a proof-of-concept system designed by Adam Back for spam control, which became fundamental to the Bitcoin mining process. At the same time, proposals for "bit gold" and "b-money" were made by Wei Dai and Nick Szabo. The last advance before the arrival of this technology will remain the invention of the first reusable proof-of-work system using Hashcash, by Hal Finney in 2004.

Before we continue with the arrival of Bitcoin, an interesting observation arises. As mentioned earlier, the technology on which this "cryptocurrency" is based is not recent; on the contrary, it dates back to the early days of the internet. This is important because it shows us that it is not simply a trend that emerged in the post-2008 economic crisis period. This leads us to believe that if Bitcoin had appeared at the same time as computers, it would surely have been less disruptive and difficult to grasp than it is today, and therefore, less controversial. At the time, it is possible that business was primarily focused on the development of computers and mobile phones.

It was in 2008, amidst a financial crisis, that Bitcoin finally emerged, marked by two significant dates. The starting point was the registration of the bitcoin.org domain on August 18, 2008. Then, on October 31 of the same year, Satoshi Nakamoto published the following document: "Bitcoin: A Peer-to-Peer Electronic Cash System." This nine-page document introduced the general and technical aspects that underpin this "payment system." https://bitcoin.org/files/bitcoin-paper/bitcoin_fr.pdf Reading this document is highly recommended, as it allows you to "understand" what Bitcoin is and how its system works in 12



chapters (1. Introduction – 2. Transactions – 3. Timestamp Server – 4. Proof-of-Work – 5. Network – 6. Result Reward – 7. Disk Space Request – 8. Simplified Payment Verification – 9. Combining and Separating Values – 10. Privacy – 11. Calculations – 12. Conclusion). This reading will therefore be the best way to overcome the information asymmetry that exists between cryptography specialists and the average person, by delving deeper into each concept (of course). We will discuss Satoshi Nakamoto and his mysteries in more detail in another section of this document. Looking back at the initial publication, it appears that most of the elements originated from previous academic publications, according to Arvind Narayanan. This suggests that Satoshi's major innovation lay in combining different elements to create a decentralized digital currency system (rather than a single, unique creation). Five months after the publication of this "white paper" on the structure of the Bitcoin network, Nakamoto mined the first genesis block, which included the inscription "The Times 03/Jan/2009 Chancellor on brink of second bailout for banks." This inscription served as a time marker and also as a message about the instability of the banking system. Very shortly after this historic event, on January 12, 2009, the first Bitcoin transaction was recorded, with Nakamoto sending 10 bitcoins to Hal Finney. The first bitcoin price was calculated based on the electricity required to produce it. In 2009, the exchange rate was 1,309 bitcoins to \$1. Despite the practical application of what had previously been largely theoretical, the network remained small for some time, with only a handful of crypto enthusiasts. To give you an idea of its size, in March 2010, the user "SmokeTooMuch" auctioned 10,000 BTC for \$50 but found no buyers. Those same 10,000 bitcoins would be worth \$1.2 billion today. This anecdote perfectly sets the stage for the next, which remains the biggest event in the history of this "currency": the first transaction (in exchange for a good or service). Indeed, even if some are unaware of part of Bitcoin's history, everyone knows about "Bitcoin Pizza Day," which takes place every year on May 22nd. This symbolic day dates back to 2010, when Laszlo Hanyecz, a programmer living in Florida, posted the following ad on a Bitcoin Talk forum: *"I'll pay 10,000 bitcoins for a couple of pizzas... like maybe 2 large ones so I have some left over for the next day. I like having left over pizza to nibble on later. You can make the pizza yourself and bring it to my house or order it for me from a delivery place, but what I'm aiming for is getting food delivered in exchange for bitcoins where I don't have to order or prepare it myself, kind of like ordering a "breakfast platter" at a hotel or something, they just bring you something to eat and you're happy! I like things like onions, peppers, sausage, mushrooms, tomatoes, pepperoni, etc... just standard stuff no weird fish topping or anything like that. and we have a deal. Thanks, Laszlo"*. It was Jeremy Sturdivant, an Englishman, who accepted the offer, ordering two pizzas from Papa John's in Jacksonville, Florida, in exchange for 10,000 bitcoins. This day officially demonstrated Bitcoin's potential as a medium of exchange. Despite this symbolic and amusing transaction, Mr. Sturdivant still made a good deal, paying around \$25 for two pizzas in exchange for bitcoins worth approximately \$41 at the time. It was only nine months later that Bitcoin reached parity with the dollar (a very short period). However, in the meantime, the first crisis of this technology occurred. Indeed, on August 15, 2010, an unidentified individual managed to exploit a vulnerability in the original source code to create 92 billion bitcoins. Just a year and a half after its launch, developer Jeff Garzik reported an anomaly at block 76,438 on the Bitcointalk forum while trying to understand a strange transaction. He discovered that its initiator had managed to create 92,233,720,368 BTC. This flaw became known as the "overflow bug" and required the creation of a patch. Apparently, Satoshi himself released the Bitcoin



patch, version 0.3.10, five hours after the event. The technical aspects of this fix required a soft fork of the network to revert to block 76,438. The blocks produced in the interim, and therefore the transactions they contained, had to be discarded, and the network restarted from the new, "healthy" blockchain (containing the patch and without the anomaly). In short, for a brief moment, there were over 93 billion Bitcoins in existence, and the network was down for five hours. On December 12, 2010, Satoshi Nakamoto publicly disappeared, announcing that he was passing the torch to American developer Gavin Andresen, entrusting him with the alert key of the protocol. This key allows a message to be sent instantly to all the computers that make up the system's nodes (in the event of a cyberattack, for example). The following year (2011), numerous cryptocurrencies emerged from Bitcoin's open-source code. In 2012, the Bitcoin Foundation, a non-profit organization, was created to restore Bitcoin's reputation, tarnished by crime and fraud, and to promote its development and adoption. This important organization is based in Washington, D.C., and its founders are: Gavin Andresen, the renowned developer involved in Bitcoin's development; Charlie Shrem, the entrepreneur and former CEO of Mt. Gox; Mark Karpelès, the Frenchman; Peter Vessenes, the former CEO of Bitcoin.com; Roger Ver; and Patrick Murck. Thanks to all these efforts deployed through associations and internet blogs, Bitcoin is becoming increasingly popular, to the point that WordPress began accepting all Bitcoin payments in November 2012, and BitPay counted 1,000 merchants who had also adopted this new currency. March 2013 brought Bitcoin's technical challenges back into focus, as the blockchain temporarily split after a block created by version 0.8 was deemed invalid by version 0.7. For six hours, two Bitcoin networks operated simultaneously. This event demonstrated that technological changes can always pose a threat to Bitcoin's operation. Despite this incident, the virtual currency crossed the symbolic \$1,000 mark in November of the same year. 2013 also marked the beginning of increased regulatory attention with the official classification of Bitcoin miners as money service providers. This desire for control continued with the FBI's seizure of approximately 26,000 bitcoins from the (illegal) Silk Road marketplace in October, following the arrest of its operator, Ross Ulbricht. Although its price continued to rise, it was at the end of the year (December 2013) when the People's Bank of China announced a ban on the use of Bitcoin by financial institutions that its price plummeted, before recovering. Just a few months later, in 2014, a major crisis disrupted Bitcoin. This crisis was the abrupt collapse of the Mt. Gox platform, following a cyberattack that resulted in the theft of 744,408 bitcoins. Initially specializing in trading Magic: The Gathering Online cards, the company transitioned into a cryptocurrency exchange, a transformation spearheaded by its owner, Mark Karpelès, from 2011 until its collapse in 2014. Following this crisis, the price of Bitcoin plummeted from \$1,000 to \$200, which is understandable given that at the beginning of 2014, the platform was estimated to handle approximately 70% of global Bitcoin transactions. Naturally, the Bitcoin community recognized the importance of building a robust infrastructure, a development that marked 2015. And despite the recent crisis, over 100,000 merchants accepted Bitcoin payments during that year. A major technological breakthrough occurred in August 2017 with the launch of Segregated Witness (SegWit). This implementation follows the debate on Bitcoin's scalability, which reached its peak in 2017. SegWit is a modification of the Bitcoin protocol introduced during a soft fork of the original Bitcoin network. It improves transaction throughput on a blockchain network, thereby enhancing



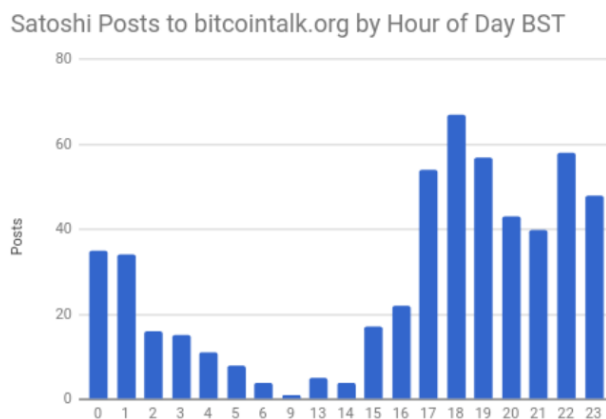
scalability and reducing transaction fees. This technology is being introduced for the first time not on Bitcoin, but on Litecoin. SegWit reduces transaction size by separating them into two parts: the first part containing the wallet addresses (sender and recipient), and the second part containing witness data, namely the transaction signatures. The witness data is thus detached from the main block, significantly reducing the transaction size. SegWit transactions eventually accounted for over 65% of all transactions by early 2020. Despite the activation of this innovation, disagreements over the future of Bitcoin led to the creation of Bitcoin Cash through the first major Bitcoin hard fork on August 1, 2017. The year 2017 was not solely marked by technological advancements. The value of one Bitcoin exceeded \$20,000 in December, generating massive global enthusiasm, while Japan recognized the cryptocurrency as legal tender in 2017. From 2020 onward, Bitcoin's adoption profile expanded significantly with major companies deciding to invest substantial amounts: MicroStrategy with \$250 million, Square with \$50 million, MassMutual with \$100 million, and then Tesla in 2021 with \$1.5 billion and policies accepting Bitcoin payments for car purchases. Also in 2020, PayPal enabled its users to buy, sell, and hold Bitcoin, directly reaching 340 million people (customers). Even more widely known, in September 2021, the president of El Salvador, Nayib Bukele, introduced Bitcoin as legal tender in the country, alongside the US dollar. Shortly after, a new all-time high was reached with a price of \$69,000 for one Bitcoin, before experiencing significant volatility. This led to the introduction of "Ordinals" and "Non-Fungible Tokens" (NFTs).

Satoshi Nakamoto : For this second section, we've decided to focus on the founder(s) of this technology. While "Satoshi Nakamoto" is a name that rings a bell for most people, it still holds many secrets. This pseudonym first appeared in 2008 with the publication of the white paper "Bitcoin: A Peer-to-Peer Electronic Cash System." Under this same pseudonym, the first blocks began to be mined in 2009, while he actively participated in the Bitcoin community by answering questions and suggesting improvements. It wasn't until 2011 that he disappeared from the public eye. He remains one of (if not the greatest) mysteries of modern finance. The discussion surrounding this pseudonym is far from anecdotal, as it can represent one of the major risks associated with this technology (or perhaps one of its most positive aspects). To avoid moving on to the next section without some answers, we will delve into the clues and facts that would allow us to better understand the nuances of this subject.

Let's begin with the reason for his anonymity. It's likely simply a choice made to preserve the integrity of the system he established. By remaining anonymous, the creator cannot influence the development of his technology, which is certainly for the best. In contrast, we have Vitalik Buterin, who plays a significant role in the development of Ethereum. His contribution to his cryptocurrency is essential but represents a risk concentrated on him personally. With Bitcoin, revealing the founder's identity would, in many cases, be quite compromising, both for the trust of digital currency holders and due to the risk of political pressure. By remaining anonymous, this technology can develop organically by limiting the number of external factors influencing its growth. This persistent anonymity and the founder's withdrawal could therefore be reasons that reinforce Bitcoin's decentralized nature. This decentralization is based on the community's control and governance of the currency.



Regarding the identity of Satoshi Nakamoto, some dedicated enthusiasts lean towards the belief that it was a group of people behind this invention (some of whom are likely deceased). What is known is that the Bitcoin white paper was published on October 31, 2008, on the P2P Foundation forum under the pseudonym Satoshi, with a profile claiming to be Japanese, born on April 5, 1975. However, the lack of a Japanese version and the quality of his English leave the community in doubt. Before the white paper's publication, Satoshi had contacted Adam Back (the creator of Hashcash), then Wei Dai (creator of b-money). Ray Dillinger and Hal Finney privately received the Bitcoin code for review. These individuals were the first to communicate with the anonymous person and thus offered various leads. Today, the list of potential "Satoshis" is quite long. A member of the Bitcointalk.org forum named Stéphane Thomas graphically represented the timestamps of Satoshi's "traces." The result: no publications between 2 PM and 8 PM Japanese time. Therefore, the most likely time is American time.



One coincidence does, however, raise questions. When the white paper was published, Satoshi received two negative responses and only one positive one from Hal Finney, who received and connected to the first version of the software on January 10, 2009. These same two men initiated the network's first transaction two days later.

- October 31, 2008: Satoshi Nakamoto publishes the Bitcoin white paper
- 03/01/2009: Launch of the Bitcoin network (Genesis block)
- 12/01/2009: First BTC transaction to Hal Finney
- April 23, 2011: Nakamoto sends his last email to the developer community

Blockchain : Easily translated as "chain of blocks," this term is frequently used, and understanding blockchain technology is essential to grasping how Bitcoin works. Blockchain is currently the foundation upon which many cryptocurrencies are built, but it is essentially nothing more than a digital, time-stamped ledger. However, while Bitcoin is a blockchain example, these two elements work together for this cryptocurrency. Blockchain technology is broader and has numerous applications in various fields and forms.

The most common illustration for understanding blockchain is that of a ledger, where the pages can be likened to blocks storing different transactions. These transactions are linked together using cryptography, thus forming a "blockchain." In the case of Bitcoin, these new blocks are created by members (consisting of thousands of powerful computers connected peer-to-peer, called miners) who seek to extract Bitcoin by solving cryptographic equations. The system then



publicly broadcasts each new transaction on the network and shares it from node to node (all the computers). Miners then combine these transactions into a new block (approximately every 10 minutes) and permanently add them to the blockchain, thus creating the definitive Bitcoin ledger. These constantly active nodes are called miners, using significant computing resources, in exchange for which they earn a small amount of cryptocurrency (with Bitcoin capped at 21 million). Therefore, the computing power used to generate transaction confirmations for display on the blockchain is compensated by the release of new bitcoins (up to a limit of 21 million) and, in the longer term, by transaction fees paid by users to expedite the validation process. Miners compete, so the more miners willing to perform a task, the more difficult it becomes to confirm transactions. Technically, to successfully confirm a block of transactions, a miner must go through a process called "Proof of Work," which involves decrypting data—hence the name cryptocurrencies.

In terms of how this type of blockchain works for Bitcoin, no single node on the network can have exclusive control, which explains why the blockchain is a decentralized ledger. In addition to being decentralized, this ledger is autonomous because each node possesses a copy of the ledger and therefore does not require the intervention of a trusted third party or any authority. Thus, the Bitcoin blockchain ledger is said to be decentralized and autonomous. In this way, we can distinguish several types of ledgers, depending on the network structure. These can be distributed ledgers, private ledgers, and public ledgers where everyone can see each transaction (although wallets are anonymous). This last system is the one used by Bitcoin and Ethereum.

To summarize blockchain technology (aside from its application to Bitcoin), it can be described as a database (ledger) mechanism that enables the transparent sharing of information within a network. Its defining characteristic is that data is stored in interconnected blocks within a chain. This data is chronologically consistent because no one can delete or modify the chain without network consensus. Thus, the blockchain can create an immutable ledger for tracking any payment-related process, with built-in mechanisms preventing unauthorized transaction entries, thereby ensuring consistent transparency in these transactions.

Usage : Now that we understand the events surrounding Bitcoin's rise and the principles of the technology it's based on, let's consider the perspective of the holder. First, how does one acquire Bitcoin? Initially, it's necessary to use an exchange platform (a broker). The goal here isn't to recommend a specific platform, but here's a list of the most popular brokers in this market: Binance – Bybit – OKX – Coinbase – Bitget – MEXC – Gate.io – HTX – Kraken – Crypto.com – KuCoin – Upbit – Bitfinex – Gemini – Bitstamp. Many others exist, of course, but to highlight the leader in terms of volume, it's Binance, which handles a daily volume that regularly exceeds tens of billions of dollars (\$45 billion). Binance is therefore the platform where the majority of global BTC transactions are concentrated, ensuring the best price discovery and liquidity. For French buyers, purchasing Bitcoin through a Digital Asset Service Provider (DASP) is recommended. DASP stands for "Digital Asset Service Provider," a status granted by the AMF (Autorité des Marchés Financiers), the French financial regulator. Once you've chosen a platform, simply create an account (identity verification will likely be required)



and fund it, preferably via bank transfer. Beforehand, you must add the platform as a beneficiary and provide your transfer information so the broker can link it to your account. Your purchase can be split into two steps: you deposit fiat currency (generally free of charge, but it takes 1 to 2 days) and then you buy your Bitcoins. Alternatively, you can buy Bitcoin directly with a credit card, but at the risk of incurring transaction fees ranging from 0.27% to 5%. Of course, other options exist for certain platforms that accept PayPal accounts, etc. Once you have your platform and deposited funds, you can buy Bitcoin in two ways. The first, and simplest, method involves accessing your broker's user-friendly interface, entering your purchase currency and amount, and then confirming the transaction. The second method is much closer to placing a stock market order, where you can define various order types (limit price, etc.) with different validity periods.

These steps will help you buy Bitcoin, but not necessarily secure it. When you buy one or more Bitcoins on a platform, you'll find them in your "custodial wallet," which is your wallet managed by your broker. Generally speaking, a wallet, sometimes also called a digital wallet, is a device or program whose function is to manage cryptocurrencies (to receive, send, and store them). Furthermore, a Bitcoin wallet generates an asymmetric key pair, consisting of a private key and a public key. The private key is the ultimate secret password that proves you own a Bitcoin and therefore allows you to spend it by signing transactions. This private key is often represented by 64 hexadecimal characters or derived from a "seed phrase" of 12 to 24 words. This seed phrase should never be shared; it's generally recommended to keep it on a physical medium (paper, metal, etc.) in a safe place or with a third party. Great care is taken with this key because, as you've probably gathered, it allows you to move your BTC irreversibly, preventing you from losing them and having them stolen. The second key, the public key, is mathematically derived from the first (irreversibly) and is used to generate Bitcoin (public) addresses so they can be shared and used to receive funds. This public key can therefore be freely shared and is used to generate Bitcoin addresses. However, a wallet can generate multiple key pairs (and addresses) from a single seed phrase for added security, but we'll discuss that later. Returning to the platforms, your "wallet custody" therefore has a public key and a private key. However, it's your broker who holds the private keys to these Bitcoins. Hence the phrase "Not your keys, not your coins!" This means that if the platform is hacked, goes bankrupt (like FTX in 2022 or Mt. Gox in 2014), freezes withdrawals, or is subject to regulation, you risk losing access to your funds. Knowing this, it's easier to understand the importance of securing your Bitcoins once you've purchased them.

Once purchased, it is strongly recommended to transfer your Bitcoins to a secure personal wallet, also known as a "self-custody wallet." There are two main types of wallets: "hot wallets" and "cold wallets." A hot wallet is directly connected to the internet during use, while a cold wallet is not. Therefore, it's easy to see why cold wallets are considered more secure, as they reduce the attack surface for hackers. Hot wallets are solutions for storing private keys on the fly; these solutions use internet-connected devices and thus encompass all software wallets. It is obviously inadvisable to store large sums of Bitcoin in this type of wallet because it presents a greater attack surface for hackers. This category includes full nodes, lightweight wallets, browser extensions, and web wallets. We will detail the specifics of each wallet below.



Hot Wallets

- **Full nodes:** Also called full clients, these were the first type of wallet ever created. A full node performs all the tasks necessary for the network, namely downloading the blockchain, validating unconfirmed transactions, and ensuring block validity. This complexity makes this type of wallet unsuitable for ordinary users and better suited to dedicated stakeholders and advanced users. The most well-known full node software is Bitcoin Core, used by 95% of the network's nodes.
- **Lightweight wallets:** These are still nodes, but they don't download the blockchain; instead, they perform simplified transaction verifications that require minimal computing resources. These wallets are available on computers, tablets, and mobile devices. For computers, Electrum is a suitable option. Lightweight wallets are often called SPV wallets, for Simplified Payment Verification. They can interact with full nodes on the cryptocurrency's peer-to-peer network or with a dedicated server infrastructure, which simplifies usage (like Electrum). In both cases, this comes at the expense of user privacy (although some obfuscation methods can still be employed).
- **Web browser extensions:** These include Chrome, Firefox, and Brave. Depending on the extension, the wallet may not verify transactions. Since extensions are present in the browser, they are very useful for interacting with decentralized applications. Badger for Bitcoin Cash is one example.
- **Web wallets:** Online interfaces for managing funds. You manage your private keys through your browser, and they are never revealed to others. The few vulnerabilities of this type of wallet lie in the fact that they generally do not verify transactions and rely solely on information provided by the servers of the website used. Furthermore, these wallets are susceptible to phishing attacks targeting the web page used. Examples include Blockchain.com and coin.space, both of which support Bitcoin and Bitcoin Cash.

Unlike hot wallets, cold wallets are solutions for storing private keys offline, meaning they are kept completely separate from the internet. This type of storage is often recommended for large-scale Bitcoin holders because it is considered the most secure. Furthermore, it is common for exchanges to use this method to store their clients' funds. Any offline device can serve as a cold wallet, but the two most popular types are hardware and paper wallets.

Cold wallets

- **Hardware wallets** are devices that generate and store private keys in isolation and allow for offline transaction signing. They are still considered the most secure way to hold bitcoins. The French company Ledger, as well as Trezor, BitBox, Coldcard, Jade, Passport, and others, are among the best-known brands in this category.
- **Paper wallets:** These are the simplest wallets we've presented. This solution involves printing your private key directly onto a piece of paper, thus creating a paper wallet. You can make multiple transactions to this wallet without compromising its security,



but it's recommended to make only one transaction after withdrawing bitcoins from the wallet. To create a paper wallet, simply visit bitcoinpaperwallet.com. However, be aware that these wallets do not allow you to sign transactions and are therefore for single use only.

Having answered the question "How do I buy Bitcoin?", we will now address the question "How do I make money with my Bitcoin?" and provide arguments that contradict the notion that Bitcoin is an asset that "doesn't produce anything." Indeed, there are several ways to earn passive income from your cryptocurrencies. First, you can "stake" your Bitcoins on a platform while retaining custody. Staking involves locking up your cryptocurrencies (as an investor) on a blockchain network (for a specific period) to secure them, in exchange for a reward. These locked Bitcoins support the blockchain infrastructure by allowing validators to verify transactions and add new blocks to the blockchain. In return for this support, investors receive staking rewards paid in the relevant cryptocurrency. The amount of these rewards is expressed as an annual rate of return and paid annually. However, Bitcoin, which operates on Proof of Work (PoW) systems, can only be staked on Proof of Stake (PoS) systems/protocols, such as Ethereum. For example, the Kraken platform offers Bitcoin staking via Babylon to contribute to the security of Bitcoin Supercharged Networks (BSNs), which are based on Proof of Stake (PoS). A second way to earn money in exchange for cryptocurrencies is through yield farming by becoming a "Liquidity Provider." This method involves depositing cryptocurrencies into a liquidity pool, which is a cryptocurrency reserve, and receiving proof of contribution in return. By depositing cryptocurrencies in this pool, the user receives a return as a liquidity provider. This liquidity is vital for the proper functioning of the cryptocurrency ecosystem, namely, borrowing or exchanging cryptocurrencies (performing a swap). These transactions often require collateral and reserves of numerous cryptocurrencies, hence the creation of pools. When swaps are executed or loans are taken out, certain fees are applied, thus compensating investors who have provided liquidity. The advantage of this second method is that the investor can recover their investment at any time, making it a fairly liquid investment. Extending the first two methods, we can easily understand the principle of "lending." As its name suggests, it allows a cryptocurrency holder to lend their assets in exchange for interest. To do this, one simply deposits their assets on a lending-borrowing protocol. These mechanisms must therefore operate on decentralized applications, or DApps (decentralized applications), functioning peer-to-peer and allowing any individual to lend and borrow cryptocurrencies. Here, as in the second case, the investor will become a "Liquidity Provider," and the procedures for complying with borrowing rules and ensuring their proper functioning will be managed by smart contracts. Collateral requirements will also be implemented to offer maximum security despite the absence of an intermediary. In this regard, most loans in decentralized finance are over-collateralized, meaning that the borrower must provide collateral exceeding the amount borrowed.

Why buy Bitcoin :

Now that we know the history behind this technology and the ways to buy Bitcoin and generate passive income from it, we need to try to understand what motivates people to buy it and why its value is so important today.



Generally, we buy a good or service to satisfy one or more needs. Understanding why some people buy Bitcoin boils down to asking the question: what need(s) are they trying to satisfy? To answer this question more easily and intuitively, we suggest starting by identifying the value of Bitcoin. To do this, it would be logical to first understand what value is and then what Bitcoin is (which is already largely the case). To keep it concise, value is traditionally approached through two concepts/schools of thought: the labor theory of value, developed primarily by Adam Smith, David Ricardo, and Karl Marx, and the utility theory of value, developed primarily by Jean-Baptiste Say, William Stanley Jevons, Carl Menger, and Léon Walras. The first theory assumes that there is a "normal" price and that it is determined by the means of production (an objective approach), namely, land, capital, and labor. The second theory, developed from the 1870s onward, adopts a subjective approach based on market price. This second theory, the utility-value theory, introduces new parameters such as consciousness, human desires, and the concepts of scarcity, marginal utility, and total utility (allowing us to resolve the paradox of water and diamonds). Today, the majority of economists subscribe to the utility-value theory, and it is therefore the one on which we will base our reasoning. However, as the debate is still ongoing, constructing criteria/indicators to explain the value of any good, and particularly of Bitcoin, remains difficult and requires drawing inspiration from both theories as well as using common sense. Below is a more or less objective table attempting to represent the different sources of value/explanations behind the price of Bitcoin.

Criteria	Explanation	Bitcoin application
Production cost	What it cost (raw materials – machines – workers etc.)	Mining cost.
Use value/utility	What is its purpose and how useful is it to a person?	Decentralized payment system – Store of value.
Rarity	If there are few of them, they become precious.	Limited offer of 21 million BTC.
Market price	What people are willing to pay today (the listed or negotiated price).	\$73,000
Subjective value/Personal preference	What that means for an individual on a personal level.	Libertarian revolution.
Exchange value	Market price, resale value.	Real Estate – Cars.
Symbolic value/status	An idea, a wish, a feeling (Luxury – belonging to a group).	Belonging to a movement – Conviction.

After reviewing this table, it's easy to see that Bitcoin meets many criteria and is therefore not "worthless," as many old beliefs would have us believe. Now that we have some benchmarks for the value of this technology, we can try to understand why this new asset/currency is so successful. To do this, we must start by asking a question specific to investing: "Why is an asset worth so much?" rather than trying to estimate its value. This approach proves relevant because the market often incorporates more data than we can, and after all, it's better to go with the flow than against it, but in the right direction. Now, if we want to find answers to why Bitcoin is so



successful and why its price is so high, I think the answers are presented at the beginning of its history and in the message left by its founder in the Genesis Block. The white paper appeared on October 31, 2008, just after the collapse of Lehman Brothers, which greatly helps us understand its significance. To summarize the situation and the interpretation of Bitcoin players today: The 2008 financial crisis left many scars on the American economy and, consequently, on the global economy. But above all, it revealed the new mindsets within the financial industry. Richard Fuld received compensation of \$480 million – Angelo Mozilo (Countrywide Financials), \$471 million – Stanley O'Neal (Merrill Lynch), \$161 million – James Cayne (Bear Stearns), \$163 million – Henry Paulson (Goldman Sachs), \$500 million – and so on. The aim here is not to criticize or try to understand why salaries and bonuses were so high, but rather to show why the opinions of savers and other investors began to shift following a feeling of insecurity and loss of confidence. The following period saw 15 million unemployed in the United States, with 170,000 families experiencing homelessness, while just nine banks distributed a total of \$32.6 billion in bonuses before receiving a massive \$700 billion bailout, increasing the national debt, fueling inflation, and creating a sense of injustice. Furthermore, this national debt has grown from \$10 trillion against a GDP of \$15 trillion in 2008 to \$38.4 trillion against a GDP of \$29.2 trillion in 2025. These factors reinforce the loss of confidence in the American economic system and weaken the purchasing power of its citizens. More recently, the political situation hasn't improved either. While the budget allocated \$130 billion in aid to Ukraine, along with another \$1 trillion in annual military spending, newspapers ran the headline: "Why Do US Congressional Leaders Keep Beating the Stock Market?" After this relatively bleak picture of the US economic situation following the last major crisis, it's easier to understand why so many players became interested in Bitcoin. Firstly, the dollar was devaluing; secondly, it was increasingly difficult to trust the system and governments, and this instability fueled fears of another major crisis. It is only now, nearly 17 years later, that we truly grasp the usefulness and importance of this innovation, making Satoshi a visionary, or rather, a very pragmatic economic player. Bitcoin has steadily increased in value as time passes (and as the economic situation worsens) and the dollar depreciates (making Bitcoin's price growth quite automatic). This observation leads us to refine our understanding of value. By stepping back for a moment from the market value of a Bitcoin, we realize that it is, in fact, a true libertarian innovation from beginning to end. It is a system that allows for the destruction of the intermediary in the economy: the banks. The creator remains unknown, and after years of research and clues, even federal authorities, such as the FBI, have been unable to find the person responsible. This story is very striking and remarkable, especially when the goal of this invention is to create anonymity and fight against a system that no longer satisfies many people on Earth. Although Satoshi Nakamoto is not tangible, others are, such as Pavel and Nikolai Durov, the brothers who founded the Telegram messaging app. Nikolai's case (in particular) ultimately allows us to understand who the true creators of value are. Major scientific advances do indeed transform our lifestyles and rethink our social systems. These advances included the discovery of (artificial) light, electricity, and so on. Nikolai was first and foremost a world-class mathematician and computer scientist. With his brother, they essentially put their scientific knowledge and computer skills at the service of the world by creating an encrypted messaging service for which they were willing to make sacrifices. Although the example of Telegram is



more striking, Bitcoin can be considered an even more significant phenomenon than the creation of a messaging service that now boasts approximately one billion users. This final point in this paragraph allows us to answer the question, "What is Bitcoin?" in an intellectual context. Bitcoin is the primary application of a major technological innovation that represents a financial revolution for economic actors worldwide. Now, to answer the initial questions; The world is increasingly interested in Bitcoin because confidence in the financial system is eroding as the years go by and economic indicators deteriorate, because the dollar continues to devalue, because this technology is an accessible safe haven for many countries whose currencies are constantly collapsing, and because it is even becoming an alternative asset, meeting even more investment criteria (characteristics of a product/asset) for others. People buying Bitcoin come from diverse backgrounds; some are looking for a new security, a more sophisticated form of gold, while others subscribe to a new ideology. Even if the term "ideology" might worry some investors, it's important to remember that many real estate companies, car dealerships, and other businesses of all kinds accept payment in Bitcoin. This shows that the term "currency" is not inappropriate and that government authorities are not needed for Bitcoin to establish itself in the financial industry. To answer the last question, why one Bitcoin is worth \$X (the current number of dollars), it's best to provide a table (below) showing the approximate value of one Bitcoin based on the money supply it represents. The total money supply for each category is taken from Michael Saylor's presentation at Bitcoin 2024. This representation is more intuitive and accessible than many other abstract concepts.

Asset classes	Total value	Price of one Bitcoin
Gold	\$16 T	\$762,000
Art	\$18 T	\$857,000
Actions	\$116 T	\$5,523,809
Bonds	\$300 T	\$14,286,000
Real estate	\$330 T	\$15,714,000

Investment Driver Michael Saylor : While most of the important information about Bitcoin has already been shared, it's worth examining the case of Michael Saylor. He is the multi-billionaire co-founder of Strategy (formerly MicroStrategy), one of the first companies to purchase Bitcoin as part of its financial strategy. The company reportedly owns around 700,000 Bitcoins today, according to various sources. This massive investment in the cryptocurrency leads us to listen to the narrative behind Michael Saylor's conviction in this new asset. He undoubtedly stands out as one of Bitcoin's greatest advocates and believers. To do so, we will revisit his presentation at Bitcoin 2024.

Transcript by Michael Saylor : I want to talk about the Bitcoin Revolution, and I also want to talk about rebuilding our global economy with digital capital. The world as we know it is based on 20th-century ideas and 20th-century technologies. Stocks trade from 9:30 a.m. to 4:00 p.m., except on banking holidays; you can't do anything on weekends. Everything is slow, everything is expensive.

If we want to thrive in the 21st century, we need new ideas, and they must be built on new technologies. You've seen this chart before. I've shown it: \$900 trillion of global wealth. That



\$900 trillion is split between physical and financial assets based on 20th-century ideas and technologies. In the upper left corner, there's a small orange dot—the small orange asset that could be a game changer, what we call Bitcoin. It represents \$1 trillion. That sounds huge when you start from scratch, but when you look at it within the larger global picture, it represents 0.1%.

Here's another way to look at that same graph: it's not 900 trillion assets, but a set of assets held for their use value and a set of assets held as a store of value for the long term—long-term capital. When I buy a house, I want to live in it. But when I buy bonds, I'm simply putting my money there because I don't know what else to do with it. When we begin to see the world as containing an enormous amount of long-term capital—\$450 trillion or more—and we think about how we store that capital, we see the engine of the revolution. The global economy is suffering because we rely on imperfect assets and imperfect systems to store that capital. This cripples our ability to preserve capital. So, how do we design a better system?

Here's what Tesla said: "If you want to understand the universe, think in terms of energy, frequency, and vibration." I'm going to translate that. I'm going to talk about the physics of money.

Energy is money, capital, or wealth—these terms can be used interchangeably here. Frequency is duration, lifespan: how long will it last? A minute, an hour, a year, a century? And we set money in motion every time we exchange with each other, transfer from one place to another, or transform one good into another type of asset.

Here's an important equation: the useful life of an asset = the asset's value ÷ the cost to maintain it in good condition. If you're looking for the useful life of your money in an asset, ask yourself: how much does it cost each year to keep this asset in pristine condition? How much do I need to spend to prevent depreciation or deterioration? It turns out that this useful life is very close to what we in the Bitcoin community call the stock-to-flow ratio. The two concepts are closely related when measured in years.

Most individuals and the majority of businesses use financial assets to preserve their capital. This is where our main challenge lies. Let's take financial assets. I want to hold onto my money for a long time. I start with a billion dollars. I convert it to pesos: the money depreciates in two years. A 98% inflation rate drains you of your economic energy, your capital. It's not a good long-term asset. The Turkish lira? Your capital lasts three years. The US dollar, with the traditional monetary inflation of the last century, might last about 14 years. But it's not as if you have it for 14 years: its value is linearly eroded throughout those 14 years.

Are you putting your money into a hedge fund? The annual cost is 2% management fees plus 20% of the performance, roughly 4% per year on traditional assets. That makes it a 25-year asset. Treasury bonds? You get a return, but after tax, let's say 3.5%, against a monetary inflation rate of 7%: your money might last 30 years. A mutual fund with 1% annual fees? That's about the best-case scenario. If you manage to achieve a diversified portfolio at 10 basis points, counterparty risk will still bring you back down to around 1% cost. So much for financial assets.



We run the world with a set of 20th-century ideas, and on average, a financial asset lasts 30 years.

We all know that inflation dilutes the value of financial assets, but inflation is only the tip of the iceberg. You also experience dilution through tariffs, tolls, litigation, transfer taxes, income tax, capital gains tax... Every time you move your money, you're taxed. And if taxes don't destroy you, there's still the weather, competition, planned obsolescence, politics, disasters...

If you want to preserve your economic energy, you have to constantly fight against all these frictions. Most people find this frustrating and hopeless, so they abandon financial assets and turn to physical assets to preserve their capital. A Ferrari? Not a good way to keep your money forever. After 5 years, you've spent as much on insurance, maintenance, and depreciation as the car is worth. A yacht? No better. If you spend 10% of its value each year on maintenance, depreciation hits you just as hard. A house in Miami Beach? If you buy a \$10 million house, you'll need another \$10 million to maintain it for 17 years. You'll have nothing left. Silver? 22 years. A warehouse? 40 to 50 years. A gold bar? 62 years. A painting? 72 years. Land? The average property tax in the United States is 1.1%. So your money lasts 91 years... unless the government reassesses the property, in which case it's less. The oldest family ranch in the United States, King Ranch, lasted 173 years. Every other family in the country failed. The longest-held property? The Crown Estate in the United Kingdom. You could say the royal family has owned it since 1066, but in reality, it passed from the Plantagenets to the Stuarts, the Lancasters, the Yorks, and then the Hanoverians... perhaps seven different families. None of them took it with them. You might think physical assets last a thousand years. In reality, 50 to 75 years is probably the most you'll get. Entropy dilutes the value of your physical assets. It sucks energy, capital, out of them. There's a reason it's called Earth and not Heaven.

Politicians are very creative: municipal tax, county tax, state tax, federal tax, transfer tax, usage tax... And if that's not enough, there's rent control, price control, culture shock, discrimination, recession, currency collapse, tenants who don't pay, someone slipping on the sidewalk and suing you, the weather, war, crime, disasters...

And if energy prices skyrocket, it's all over. Physical capital isn't a simple solution. I learned the three laws of thermodynamics at MIT:

- We can't win - We can't even draw - But we can't quit the game

We could stop there and be a little depressed. But we don't want to lose. So we start thinking: what if we found a way out of the game? Then we could at least draw... and maybe even win. Satoshi found a way. He shared it and left. It's Bitcoin. Bitcoin is digital capital. That's what he created. Bitcoin is immortal, immutable, and immaterial capital. It has an infinite lifespan. It is not attacked by the forces of climate, entropy, or inflation. It is immaterial; it doesn't exist in the physical world; it doesn't suffer all those horrors that afflict financial and physical assets. It is the solution to our economic dilemma: transforming our capital from financial and physical assets to digital assets. This solves the problem we all face.

How long does Bitcoin last? If you store your Bitcoin with a good institutional custodian, you pay 10 basis points per year. According to the first law of money, this means your capital lasts



a thousand years. The custodian might not last a thousand years, but that doesn't matter: you can move your Bitcoin every year or every decade and still stay one step ahead of custodian bankruptcy. You can't teleport a building. You can't teleport King Ranch. But Bitcoin can. If you self-custody it, it costs about 1 basis point per year with good hardware wallets and signing devices, and one day per year for verification. You then have a 10,000-year asset. And if you entrust it to an AI? A computer program can maintain the private keys for the price of electricity. You get a 100,000-year asset. AIs will want Bitcoin. If they have to choose between owning Bitcoin, a Texas ranch, a gold bar, or Argentine pesos, the choice is obvious. Digital assets are in a class of their own. When compared to all other capital preservation assets, they are in a league of their own. Everything else has a 30, 40, or 50-year lifespan. Bitcoin has a 1,000- to 100,000-year lifespan. It's a breakthrough in capital preservation... and therefore an economic revolution. If you want to get rich, trade smart. Here's a very simple principle: trade the temporary for the permanent. Trade your melting ice for pesos, pesos for dollars, dollars for land, land for Bitcoin. Trade currency for capital. Trade the fragile for the resilient. Trade the local for the global. Trade the physical for the digital. Trade security for scarcity. You can't go wrong going in this direction. Trade money for capital. Trade something fragile for something resilient. Trade security for commodities. Trade commodities for scarcity. You can't go wrong going in this direction.

Let's talk about some of history's great trades, some worth trillions of dollars. The Dutch understood naval power. They understood ships; they had thousands of them. They bought the best harbor in the New World for a few hundred dollars worth of plastic and textile trinkets. Today, it's worth two trillion dollars. That was an investment that paid 6% annually for 398 consecutive years—a return of 10.5 billion times. And when you think about it, why on earth would they have given up America's best harbor for a pile of fabric, plastic, and glass? But the people who sold it to them didn't understand what naval power was. If you don't understand why you're going to want that property in the future, you're not going to value it properly. Napoleon wanted to conquer the Old World; Jefferson wanted to expand the New. So, France sold Louisiana to the United States for \$15 million in 1803. That \$15 million probably lasted a few months to supply the French army, and then it was gone. Jefferson, on the other hand, acquired 27% of the territory of the present-day United States. That represents a return of 800,000 times, or more than \$12 trillion today, and it will be worth even more tomorrow. Jefferson had vision, just like this man: Seward. Seward bought Alaska for \$7 million, two years after the country had been devastated by the Civil War. John D. Rockefeller was barely trying to launch an oil company. Today, there are a trillion dollars' worth of oil beneath Alaska. A colossal return for a mere piece of paper. What is the value of digital capital? Let's take the \$450 trillion, multiply by 3%: that's your entropy cost, your inflation cost. It costs the world \$13.5 trillion a year to try to preserve its wealth in the face of all these horrors. If we apply a multiple of 20, as we do to value a company or a very long-term bond, that gives us \$270 trillion.

Digital capital is therefore worth between \$10 trillion and \$20 trillion annually, and hundreds of trillions in total value. Am I completely off base? Let's check the facts: digital capital has returned 55% annually for the past four years. The world's best financial asset, bonds, has returned -5%. Imagine capitalizing your company or your country on -5% instead of +55%. It



works, obviously. Let's go back to my global wealth chart. We still see that little Bitcoin square in the left corner. But what's really going on? Here's my 21-year Bitcoin macro forecast, through 2045. I think the compound annual return will gradually decrease from 55% to 50%, 45%, 40%, 35%, 30%, 25%, and then 20%. It will gradually slow down until it grows roughly twice as fast as the S&P 500. At this rate, Bitcoin would reach \$13 million per coin by 2045. This could be \$3 million in the pessimistic scenario, or \$49 million in the bullish scenario. But even at \$13 million, Bitcoin would represent approximately 7% of all global assets.

And what about the rest of the assets? I think AI and technology are going to revolutionize the tech sector. We didn't have any trillion-dollar companies, then we had several. We're going to see many more: companies with 100,000 AIs and zero employees, doing the work of former companies with 100,000 employees. We'll see the emergence of mega-corporations: delivery robots, self-driving cars, a company that provides a personal doctor to a billion people without any doctors on payroll. So stocks are going to grow very fast. Gold will be demonetized. Land will be less monetized. But look: in 2045, the future won't seem so revolutionary. It will look a lot like today... except Bitcoin will be visible on the chart. When Bitcoin is visible, that will be the base case. What are the implications? How do you make money with it? Individual Bitcoin strategy: what to do?

Make Bitcoin your primary cash asset. Convert your surplus income into Bitcoin. Use subsidized credit: if the government lends you money at low rates, borrow and buy Bitcoin. Find a tax-efficient way to invest in Bitcoin. What not to do: don't quit your job, don't lose focus on Bitcoin, don't use margin loans or leveraged trading. Getting liquidated in your sleep on a Saturday night is catastrophic. A 30-year, 3% government-backed mortgage? Fine. 10x overnight leverage? Very bad. Let's take a typical person: \$750,000 net worth, \$200,000 annual income (5% per year), 25% savings rate, so \$50,000 invested annually.

Several possible strategies:

- Normie: classic diversified portfolio → 8 million in 21 years
- 10center: 10% in Bitcoin → more than double
- BTC Maxi: 80% of assets + 80% of revenue in Bitcoin → 100 million
- Double Maxi: Maxi + additional loan of \$250,000 against the house → 150 million
- Triple Maxi: Finance the house to buy Bitcoin, sell everything for Bitcoin, move to a low-tax jurisdiction (Singapore, UAE...) and invest another \$50,000 → 214 million

The power of leverage is evident. The choice is yours. You need approximately 15.9 BTC to reach Triple Maxi. 6.25 BTC is enough to become very wealthy. For businesses: Make Bitcoin your treasury. Convert your cash flow into Bitcoin. Issue shares to buy Bitcoin when it's accretive. Issue debt to buy Bitcoin when it's accretive. Don't bleed your capital dry with taxable dividends. Don't relinquish your capital through share buybacks. Don't dilute your shareholders with risky and overvalued acquisitions.



Reality check: This is exactly the Triple Maxi strategy MicroStrategy has been applying for the past 48 months (as of August 10th of this year). If you think you can copy Microsoft, Apple, or Google, great, you'll make a 20-25% annual return. If you want to copy Nvidia, you'll beat everyone. But today, the boards of directors at Microsoft, Apple, Google, and Tesla are stressed about copying Nvidia... while copying MicroStrategy is very simple. I've just given you the playbook. Four years of this strategy yields +1,300%. Conclusion: Build a solid capital structure, avoid dilutive financial practices. For an institution (church, association, university endowment, foundation): Amend your bylaws to allow investment in Bitcoin. Reallocate short-term assets to very long-term assets. You wouldn't invest in melting ice cream or pesos. So why hold 20-year financial instruments or 50-year physical land holdings? Buy a thousand-year instrument: Bitcoin. The cost of capital is no longer the S&P at 13%, it's Bitcoin at 55%. Then use smart leverage. Model: a billion-dollar portfolio

- Normie → 5 billion in 21 years
- Maxi (100% Bitcoin) → much more
- Double / Triple Maxi (with leverage) → 100x, 300 billion possible.

The cost of capital is no longer that of the S&P at 13%, it's that of Bitcoin at 55%. Think of 55% as your new cost of capital, then use smart leverage.

Now let's move on to the wealth of nations – this is the most interesting part. What is the national Bitcoin strategy? What to do and what not to do. Reallocate your public treasury: move away from gold and bonds (short-term assets) towards a 10,000-year asset. Issue currency to buy Bitcoin. Issue debt to buy Bitcoin. Encourage Bitcoin ownership through favorable laws. Protect self-custody for individuals and businesses. Support Bitcoin integration with your country's banking system. What NOT to do: do not pursue hostile policies toward Bitcoin and its holders. Now, imagine you are a country in debt, with a large deficit. I could name countries, but I won't. Let's just say you owe a lot of money, your interest rates are high, and you are in trouble. What are your options? Normie, 10center, Maxi, Double Maxi, or Triple Maxi?

- Maxi: you put a third of your treasure in Bitcoin.
- Double Maxi: 65% of the treasure.
- Triple Maxi: you put all your treasure into Bitcoin and start issuing debt to buy more.

For those who can read between the lines: the first country to buy Bitcoin by issuing its own currency wins. It's simple: you print paper. Remember Seward's check? He wrote a check. We could complain, saying, "We couldn't afford it," but this was two years after the Civil War: the country was bankrupt, millions were dead, the South was in ruins, and the North was angry. And yet Seward had the idea to buy a vast frozen tundra from Russians who wanted paper. People have done things in far worse situations. Look at the results:

- Normie: you owe 3 trillion, you're not going anywhere.
- Maxi: you repay your debt.



- Double Maxi: you become rich.

- Triple Maxi: you become very rich.

Why? Because you're buying now the property everyone will be rushing to buy in a hundred years. It was the same with Standard Oil: in 1867 there was no gasoline, no automobiles, no diesel locomotives. All of that was invented later. But common sense says, "I can buy something worth roughly 1% of the size of a nation for a few million dollars, why not take it?" Bitcoin strategy for wealthy foreign countries (those with a lot of money, like Saudi Arabia or Norway):

- Normie: you stay as usual.

- Maximum: 25% of your reserves in Bitcoin.

- Triple Maxi: 75% + conversion of all your surpluses into Bitcoin.

The result: you become incredibly wealthy—\$58 trillion rich. But more importantly, it massively boosts your national security: you end up with \$50 trillion or more in digital capital. No one can steal it. They bomb your country, they invade your borders... they won't get Bitcoin. It's excellent for both your financial security AND your national security.

But be warned: if Saudi Arabia or Norway implement the Triple Maxi strategy, that represents approximately 4.2 million Bitcoins at the end of the period. There isn't much room for Triple Maxis at the nation-state level. There might be one, two at most. This is an opportunity for the first aggressive player. There will be many Triple Maxi families, many Triple Maxi companies... but very few Triple Maxi nations. And the United States? It's a special case, but the rules remain the same: Buy Bitcoin, sell the paper, get rid of your gold, and go for the long term. And the prohibitions remain the same: Don't harass Bitcoiners, don't move industry abroad, don't move capital abroad.

Our base case scenario: we believe AI and new technologies will generate strong growth. We assume the United States will be led by competent leaders who know how to leverage technology, create self-driving cars, robots, and websites with a billion users offering free accounting, legal, and medical advice... This will cause revenue to grow faster than expenses, and interest rates will eventually fall. But what is the US Bitcoin strategy?

- Normie: you buy a little (let's say 500,000 BTC).

- 10center: 1 million BTC.

- Double Maxi: 2 million BTC.

- Triple Maxi: 4 million BTC + systematic conversion of all national surpluses into Bitcoin.

Consequences :

- Normie: even with strong productivity growth and brilliant technology, you remain in debt – it's not getting too bad, that's something.

- Maxi: you repay half of the debt.



- Double Maxi: you go into excess.

- Triple Maxi: instead of owing 30,000 billion, the nation owns 30,000 billion.

Bitcoin doesn't solve all our problems. It solves half of them—and that half is easy. The other half is very complicated; it will require a lot of energy and a lot of people. But that half is very easy to solve.

Bitcoin is Cyber Manhattan: hundreds of trillions of dollars of capital will converge there. We're going to demonetize the Russian tundra, Chinese real estate, everything in Africa, all the ugly, useless buildings people bought without needing them. All of that will be demonetized. You buy Bitcoin → you demonetize a building, a boulevard, an entire neighborhood. 2^76 to the power of 3, that's what you see today. I'll finish with a quote. Satoshi Nakamoto launched the Bitcoin network on January 3, 2009. On January 17, 2009, 14 days later—16 months before Pizza Day, when Bitcoin was worthless and would remain so for another year—Satoshi wrote:

"It might be wise to acquire a few in case it catches on. If enough people think the same way, it will become a self-fulfilling prophecy."

Wiser words have never been spoken. You have before you proof worth a trillion dollars... and there's still a thousand times more to come. You have much more information at your fingertips. The writing is on the wall. Bitcoin is the future of capital. Bitcoin is the future of money. It might be wise to acquire some, because it's already taken off. Thank you.

A powerful political force, Donald Trump : Understanding Bitcoin's price fluctuations isn't easy. While factors like the Halving exist, they aren't as numerous as in other asset classes. This is why it becomes relevant to examine Donald Trump, who seems to heavily influence the price direction of this cryptocurrency. Indeed, at the start of his second term, the market appeared very optimistic about Bitcoin's future. Following his re-election, the coin's price even reached over \$124,000. How do Trump's plans constitute such a strong sign of optimism for Bitcoin and the rest of the cryptocurrency market?

Initially, Trump and his administration implemented a series of measures and decisions favorable to cryptocurrency adoption, notably by dropping investigations targeting cryptocurrency-related businesses and crimes. Furthermore, the president also launched and created his own cryptocurrency, \$Trump, and maintained significant investments in the sector. Then, in January 2025, by presidential decree, Trump established a task force on digital assets and pledged to make the United States the "cryptocurrency capital of the world." Finally, in March, during Bitcoin's 20% drop, he executed a US reserve comprised of Bitcoin, Ethereum, Solana, Cardano, and Ripple, valued at \$300 billion.

It's also important to consider that by May 2025, the Trump family owned four cryptocurrency companies. His eldest sons, Eric and Donald Jr., founded a Bitcoin mining company, American Bitcoin, which merged with American Data Centers in 2025. Even though Donald Trump's assets are held in trust and managed by his children while he is President of the United States, it's safe to say that his commitment to cryptocurrencies is profound, and as long as he remains president, a cloud of optimism and security will continue to hang over the Bitcoin market.



It is also the parent company of Truth Social which is bullish on Bitcoin by operating Crypto Blue Chip ETFs but also by raising money through share and bond issues in order to build up a reserve of Bitcoins.

Common objections :

Many people predict a bleak future for Bitcoin and cryptocurrencies, which can create a lot of confusion. In this section, we will try to address two common objections regarding Bitcoin. The first is: "Bitcoin is the new tulip mania," and the second refers to statements made by Warren Buffett.

- The Tulip Craze: Also known as "Tulip Mania," this refers to a great craze for tulips that occurred in the northern part of the Dutch Republic (Netherlands) in the mid-17th century . This craze arose following the importation of around one hundred new plant species between the late 16th and early 17th centuries . The tulip from Istanbul, with its numerous varieties (around 50), attracted more attention than other species. At that time, only botanists and some enthusiasts seriously studied them. This changed when wealthy members of the bourgeoisie began purchasing them to plant in their private gardens behind their houses along the canals of Amsterdam. From this emerged a significant interest in the plant, whose many varieties were relatively unknown at the time, and it eventually became a luxury item. Tulips are not easy to cultivate, and the emergence of viruses transforms the colors and patterns of the plants, making them more beautiful and unique. The historical account of the tulip mania specifically takes place in 1636 and 1637. Since tulips could only be transplanted and replanted between June and September in the Netherlands, sales were conducted on a futures basis the rest of the year. Finally, this market underwent significant changes, and with the arrival of foreign customers (such as the French), speculators decided to enter the market. A system similar to a stock exchange developed among a few wealthy individuals, around one hundred, to trade tulip futures contracts. At this stage, this market was called Windhandel, literally "wind trade," because the transactions did not involve actual bulbs. In February 1637, the price of tulip bulb futures collapsed as a bubonic plague epidemic struck Haarlem, the central city of this trade. Even today, we have very little reliable data on the exact prices of the bulbs, but the proportion is estimated to be around ten times the salary of a skilled craftsman. According to research conducted by Goldgar, only a few dozen people paid more than 3,000 guilders for a tulip bulb, equivalent to the annual salary of a skilled artisan. This same research suggests that the price drop did not have a significant impact on society, given that this trade was reserved for wealthy individuals.

As the story of the tulip mania unfolds, the reasons why Bitcoin bears no resemblance to this event become clear. Firstly, the origins of the phenomenon are entirely different. Tulips were imported from what is now Turkey, and no one understood how some of them developed different characteristics. Bitcoin, on the other hand, is not a discovery but the result of research, partly scientific and technological. The code is known and understood by many. Secondly, tulips were a niche commodity; buyers and sellers were relatively wealthy, and their value stemmed from their status as luxury and decorative



items. This also makes them susceptible to fads and therefore subject to cycles. Today, even natural resources considered highly valuable are threatened by synthetic products, such as diamonds and ivory. Furthermore, tulips are not a finite resource. In contrast, Bitcoin is scarce (21 million coins) and fulfills specific financial needs. Its technology is also widely used in many other fields. The market sizes are also incomparable; the tulip market was relatively local, while Bitcoin is traded continuously across the globe. Furthermore, tulips are commodities whose value does not fluctuate based on the number of users, unlike Bitcoin, which continuously improves in security and liquidity as its market expands (Metcalf's Law).

- Warren Buffett stated: "If you told me you owned all the Bitcoin in the world and offered it to me for \$25, I wouldn't take it because what would I do with it? I have to sell it back to you one way or another. I mean, maybe it will be the same people, but it isn't going to do anything..." This statement echoes that of his longtime associate Charlie Munger, who described Bitcoin as "rat poison."

Regarding Warren Buffett's statement, it's interesting to listen to Michael Saylor's "response/comment," as he seems to have a fairly strong opinion on these various remarks. That's why I suggest you read the transcript of his reaction. But before that, let's return to Buffett's statement. After reflection, I don't think it should be taken too seriously. I think this because it's surprising to see the beginning of the sentence with such a strange assumption, and as the French expression goes, "if wishes were horses, beggars would ride." It's not useful to try to analyze this statement further from this point on... On the one hand, it means that nobody would want it and therefore that this technology is useless. This means that the subject isn't fully addressed, especially since the principle of a currency isn't to produce it, but in reality, a great many financial services offer you money for depositing your currency in certain places. However, Buffett often considers the value of an asset or company assuming he owns it outright. Yet here, we're dealing with a completely new technology whose operation is counterintuitive in some respects, and the famous investor himself boasts of being behind the curve on the technology.

Transcript of Michael Saylor's comment:

What you are seeing is a massive cultural disruption. What you are observing is a shockwave ripping through culture. You are seeing the most disruptive force in the world right now, and it is hitting people and institutions faster than they can absorb, appreciate, and understand it.

It's like shock waves in the real world. If I move an aerodynamic wing profile through the air faster than the speed of sound, the speed of sound is the speed at which the air communicates with itself. The air can't move out of my way; I collide with it, creating massive turbulence and noise. The way to solve this is to go slower, but then you're no longer supersonic.

Charlie Munger wasn't a supporter of Apple Computer, was he? And Amazon? And Microsoft? Warren Buffett has been friends with Bill Gates for how many years and he still hasn't bought any Microsoft stock? And Microsoft was a pretty well-understood idea 40 years ago, 30 years ago.



What you have is something so powerful that everyone is invited to have an opinion. Presidents, the president of Russia, the presidents of most nation-states, they're asked to have an opinion. Every investor is invited to have an opinion. But what if I told you that you can't really understand it without investing 100 hours of your time? How many people over 40 spend 100 hours studying anything? You know, once you reach the age of 65... Don't you think Munger, Buffett, Gates, those people spent 100 hours studying Bitcoin? (Presenter) Aren't you sure they didn't? It's almost certain they didn't spend 10 hours.

I'd say the same thing for most macro investors right now. I'd say the same thing for many crypto investors. Most people in the crypto space haven't spent 100 hours studying it. How many people have spent 100 hours studying the stock they hold in their portfolio? Really? How many people spend 100 hours studying Facebook?

What I'm saying is that people should do their research until they're convinced enough to make their own decision. At the end of the day, it's about ownership. I'm not promoting my own asset. I'm not promoting an exchange. I'm essentially suggesting: go west, young people, get some land. It's like going to America, getting some property, and making a life for yourselves. But it's up to you whether you want to do that or not. The more important point, however, is that every influential person in the world is asked for an opinion, but they don't spend 100 hours on that opinion. If I turned back the clock 100 years and went to see every politician and every wealthy person in the world in 1900 and asked them what they thought about electricity, what would they say? And what about airplanes in 1904—what was the opinion then? So it's not unreasonable.

And I don't think we should spend a lot of time focusing on the opinions of famous, powerful, and wealthy people about a technology they haven't chosen to make a focal point of their interest. Especially when they're 98 years old; I think that must be a factor. The most important point is that everyone thinks for themselves. So you wouldn't go to Charlie Munger and ask him to pick stocks for your portfolio. Of every winning stock of the last decade—Netflix, Google, Apple, Facebook, Amazon—how many of them were recommended to you by one of the people whose opinion you're asking for? None. None of Bitcoin's antagonists or critics would have recommended, or have recommended, any of these stocks.

So that's kind of the point. It's really just marketing or sparks being sent because what's happening is these people in the media are interviewing them and they want to get a reaction, so they launch this. Nobody is asking Warren Buffett's opinion on silver or gold right now because nobody is interested in hearing the answer.

It is difficult to summarize in a few lines all the concepts covered in this document, but although most of the themes will be covered on Substack, I will try to give my opinion in a concise way.

Focusing solely on the history of the first cryptocurrency, it's clear that it transcends the traditional framework of portfolio management. The appropriate term would be an extraordinary, life-transforming speculation. *(Many financial and academic experts are well-versed in financial and investment theories, but when it comes to achieving the unthinkable,*



our minds must be freed from many intellectual constraints.) Regarding Bitcoin's future, the key lies in education and knowledge, to paraphrase Satoshi : *"It might be wise to acquire some of these in case it catches on. If enough people think the same way, it will become a self-fulfilling prophecy."* From a market perspective, Bitcoin seems to be slightly correlating with the market lately. A true test will come during the next major financial crisis... If Bitcoin manages to survive, then its existence as an asset as significant as real estate will have to be seriously considered. The tide still seems to be turning in favor of those who believe in this technology, as prominent proponents like Michael Saylor have significant capital at their disposal. This could explain why volatility is high in the short term, but price increases remain "systematic" in the long term. One might wonder if the surges following the downward waves, caused by speculators and mass selling, are the reason why serious Bitcoin supporters keep buying more and thus consolidating its price (over a longer time horizon).

Sources :

MEXC.Blog – Bitcoin.org – Bitcoin Wiki - Bitwiseinvestments – Finance-heros – Cryptoast – Wikipedia -

