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## Weekly Market Commentary



### Bitcoin's Evolving Role in US Policy

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Last week we attended the Bitcoin Policy Summit in Washington, DC. Policymakers, academics, and industry leaders shared the stage to weigh opportunities and strategic imperatives surrounding digital assets. Our main takeaway: the White House's stance on bitcoin has flipped from caution to outright embrace, treating the currency as an important piece of our national security going forward.

At the summit, Patrick Witt, Deputy Director of the White House Council on Digital Assets, outlined three ways bitcoin intersects with national security:

1. **Domestic Growth Engine:** Bitcoin has the potential to drive economic expansion through 1) creating a supportive innovation ecosystem that allows venture capital and start-ups to thrive, and 2) bitcoin mining that partners with the grid and lowers the marginal cost of electricity. President Trump has repeatedly said he wants the US to be 'the crypto capital of the world,' so both pillars will need to thrive for this goal to be achieved.
2. **Tool of Modern Statecraft:** America has long benefited from dollar dominance. The administration sees digital assets as foundational to the next-gen financial rails; therefore, playing a major role in shaping the architecture of the space will secure an advantage for the US.
3. **Global Development Catalyst:** Digital assets can expand financial inclusion for billions of unbanked or those who live in unstable regimes. Bitcoin's open network may reduce counterparty risk, improve access, and channel more foreign capital into US private markets via the stablecoin ecosystem.

One way these goals can be achieved is through the Office of Strategic Capital (OSC). Established in 2022, it aims to play a proactive role in developing technologies critical to our national security. Its 2024 investment budget was \$1 billion, but it could scale to \$200 billion depending on various negotiations. The OSC offers non-dilutive debt capital of \$10mm to \$150mm to fund projects, with digital assets and related infrastructure likely qualifying for the program.

Whether bitcoin ultimately becomes a core reserve asset or loses steam remains to be seen, but the Trump Administration is clearly betting on the former- and moving quickly to position America at the forefront of the global crypto economy.

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