



market notes:

UAE – Building Bridges Instead of Walls

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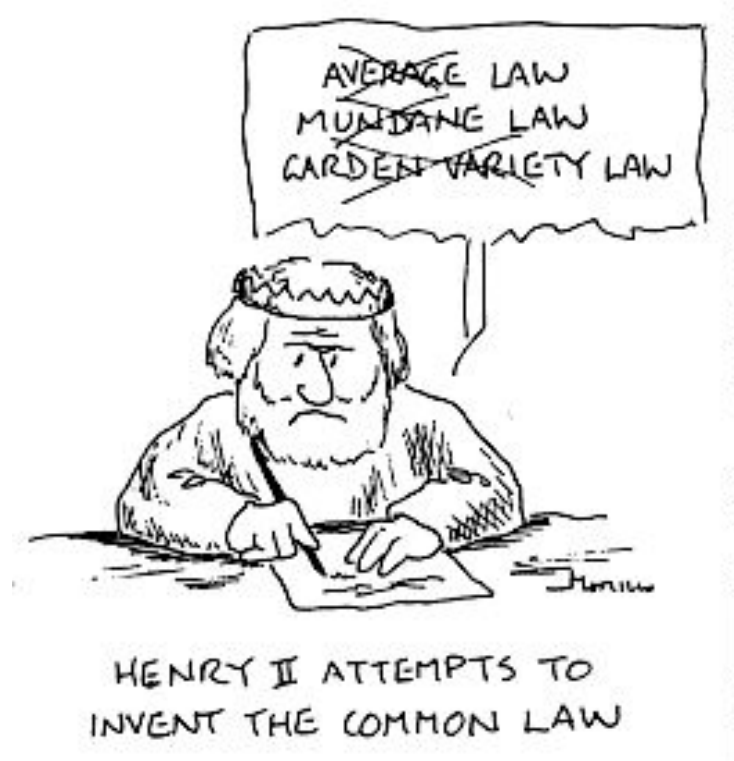
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1. I found Satoshi's mentor in the least likely of places – the Louvre, Abu Dhabi. The Middle East was a leader of innovation and intellect during the Islamic Golden Era. A bridge from East to West. Great scholars like al-Kindi migrated to Baghdad. It's a name I didn't know. One of his areas of expertise was cryptanalysis, information systems used to breach cryptographic security systems. He wrote the book – literally: "On Decrypting Encrypted Correspondence."
2. Baghdad was the epicenter of progress at one point. It didn't stay that way. Achieve something great and competition will seek to destroy it, building something greater in its place. For the builder, changes away from a standard seem sudden. For the disruptors, it feels like forever. At a time when the East-West divide is growing, the Middle East is aiming to resume its role of collaborator, arbiter, and place of neutral engagement.
3. Take simple data like Global Passport Ranking. The [Henley Index](#) scores passports by mobility. Ten years ago, Europe dominated the top of the tables – Finland, Sweden and the UK were the highest ranked. UAE (United Arab Emirates) ranked 56. Now, Singapore tops the tables with UAE having risen 44 places to 12th, quickly approaching the scores of the United States and Switzerland. Proactive policy choices centered on openness drive the change.
4. The change doesn't stop there. Abu Dhabi Global Market (ADGM) was established as an international financial center with the goal of economic diversification. The British left in 1971, but the values of English common law resurfaced. The English judicial system was adopted by ADGM, mirroring jurisdictions in Singapore and Hong Kong. Judgments are enforceable globally – a foundation resonates with world [capital markets](#) and investors.
5. Recently, the use of English common law for digital assets received a big boost. In May 2020, the UK government tasked the UK Law Commission with recommending reforms to allow digital asset technologies to flourish. The [final report](#) last month offered the gift of nothing – basically, no reforms. It was [determined](#) that "common law of England and Wales is, in general, sufficiently flexible, and already able, to accommodate digital assets."
6. The use of English common law is like interoperability between crypto protocols, clear and familiar. It appeals to a [broad network](#), and makes it simpler to engage. Similar trends are evident in crypto markets. Remember the "Ethereum killers"? Many are now joining the Ethereum network. CELO, for instance, will [vote](#) to transition to the Ethereum

ecosystem, leveraging Ethereum infrastructure while continuing to offer dedicated financial applications.

7. Natural consolidation is encouraging for future user experience. Our [Onebridge](#) platform runs on Ethereum. It is built to deliver digitally native assets to capital markets. We did several trials in the past two weeks with definitive feedback – the strength of decentralization is also the weakness. It’s still clunky. But the vision is not. And as more development teams attach to the network effects of the Ethereum ecosystem, user experience will leap ahead.
8. But is a public blockchain feasible for finance? After all, private chains are all the rage...again. Introducing an offchain permissioning layer that leverages the benefits of Ethereum may take the label of a “private” chain. But they are private more in name than execution, compatible with the Ethereum Virtual Machine so that developments can port over to the “private” chain. It is easy to envision a future of permissioned layers without centralized players.
9. Pay attention to price signals for the wisdom of the crowd. The initial rally this cycle is led by Bitcoin and Ethereum, whose dominance has increased from 56% at the FTX lows to nearly [70% today](#). It’s a reward for surviving severe shocks – both protocols operated without fail through the bust with no downtime. They just work. Could an alternative layer one be “better?” Sure. But it must be a massive improvement – otherwise, go with what works.
10. The value unlock for smaller protocols may be in their ability to integrate into the dominant base layers. Yes, regulatory uncertainty has weighed on smaller crypto assets. And the judgment in the Ripple v SEC case has also helped them. An equally weighted basket of assets directly observed by the SEC as potential securities is at 95% of its value since the declaration, up from the lows of 77% (Coin Metrics, CBAM). This is likely the noise around the bigger issue of longer-term value.
11. “Remind me the point of all of this?” It’s a frequent question in meetings when details drift to academic mumbo-jumbo. My answer – the marginal cost for a financial transaction is going to zero. It’s a profound change in user experience and value distribution. Today, Finance, Insurance, and Real Estate is 20% of the US economy, its largest sector. Intermediation, not innovation. It’s ripe for disruption. Blockchain technologies will be the Moore’s Law of financial efficiency. But stay patient – Baghdad wasn’t built in a day.

Figure 1: Why is Common Law Superior? Investor Protections



Source: [Why common law is superior.](#)

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