

FTX nets another mega-round and plots global expansion and M&A activity

Article

The news: The Bahamas-based crypto exchange raised a \$400 million Series C at a \$32 billion valuation after charting staggering growth in 2021.

More on FTX: Though it was only founded in 2019, FTX quickly has established itself as the **third-largest global crypto exchange**—and investors keep returning to it with fresh capital.

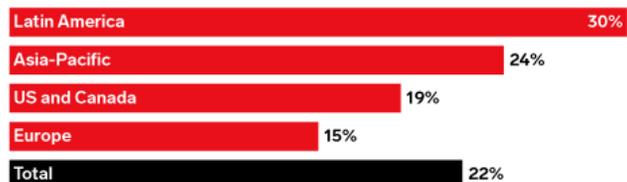
- FTX was the **fastest-growing crypto exchange last year: Its trading volume spiked by 600%, outstripping its closest competitor Huobi by over 200%.**
- Its trading volume now only trails first- and second-place **Binance** and **Coinbase**.
- FTX's **user base has also grown by 60% since October**, while **average trading volume ticked up 40%.**
- Investors rewarded its impressive growth with several mega-rounds: It netted some \$1.8 billion across three raises over the last six months.
- FTX has added \$7 billion to its valuation since its October raise of \$420 million. Its US subsidiary also raised \$400 million only last week.

What's next for FTX? Its deep pockets will help finance further growth and a large-scale marketing push to offset the global slowdown in crypto-trading volume.

- The H2 2021 was marked by slowing crypto-trading volume after reaching a **Q2 peak: In Q3, global trading volume fell 37%.**
- We expect this to carry over into 2022, as **retail investors' appetites lessen for short-term trading and as signs of fatigue** grow after the frenzy of 2021.
- Despite these limiting factors, FTX's war chest means it's well-resourced to keep growing, albeit not at the same breakneck speed.
- The crypto exchange has outlined a core strategy of global expansion and a worldwide rollout of its full-range of services—such as in **Southeast Asian markets**—which will help stimulate fresh user growth.
- Funding also will help FTX sustain its large-scale marketing campaigns—which included featuring American football star Tom Brady—and further build its brand recognition.
- FTX might take advantage of the **slightly harsher** market conditions by acquiring smaller players and scooping up their customer bases and technology: This week, it also announced its purchase of the **Japanese exchange Liquid**.

Adults Worldwide Who Own Cryptocurrency, by Region, Aug 2021

% of respondents



Note: n=17,401

Source: Morning Consult, "The State of Consumer Banking," Oct 19, 2021

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