

LISTEDRESERVE

MoneyBits

A matter of interest

A reminder on the US legislative process (or for me, newly installed knowledge)

1. A **Sponsor** comes up with an idea for a bill. Must be a sitting Senator or Representative.
2. A **Committee** reviews the bill. They hold hearings and expert advice and then vote if it can proceed to a full vote.
3. **Floor Action**: depending on who proposed it, it goes to the House of Representatives or the Senate for a vote.
4. **Other Chamber**: if it passes one house, an equivalent Committee and Floor Action process occurs in the other chamber for a vote.
5. **Reconciliation**: if they pass different versions there is a reconciliation process to align the bills
6. **Both houses** vote again
7. **El Preso**: the President signs or vetoes

The number one piece of legislation on our minds is the CLARITY Act, designed to bring regulation to the crypto industry and clear up the current unknowns, like who actually regulates the sector. Can we have stablecoins? Can they pay interest? The Bill just passed the second Committee Stage.

The lobbying on this bill has been intense. Our industry is large enough now to pay its way in that game but we are still up against the gigantic forces of the US Banking industry. Their main issue is they want to expressly prohibit interest being paid on stablecoins. Their champion in that cause is Senator [Elizabeth Warren](#) who has fought our industry on every level since the beginning.

Their main concern is simply this. If I can put my money in a stablecoin with 100% liquid asset backing and earn 3%, why would I use a bank that pays the same interest and has at best, 10% liquid backing? Now the same could be said for Money Market Funds which attract huge flows from US investors. They haven't killed banks and have been extremely successful and helpful to investors.

Ultimately, it's about competition. If you can kill competition in its infancy, that is your best chance to do so. Once enough Americans have voted with their dollars, the opportunity is gone.

Legislatively then, we are nearly there. The House of Representatives voted on a version of the CLARITY Act in 2025. There is a reconciliation process between the two Houses should the Senate pass their version which would enable a final version of the bill to emerge. What does it mean? Well, Andreessen Horowitz kindly did the work for us. Their full report is [here](#).

We'll share more on what CLARITY does and doesn't do for crypto builders, once it gets to the floor and updates are made. But if CLARITY passes the next and final steps in the legislative process, the U.S. legal architecture will finally match what blockchain networks actually are. Builders will be able to operate transparently, raise capital domestically, and build for the long term — without having to make structural compromises that regulatory ambiguity forced on them.

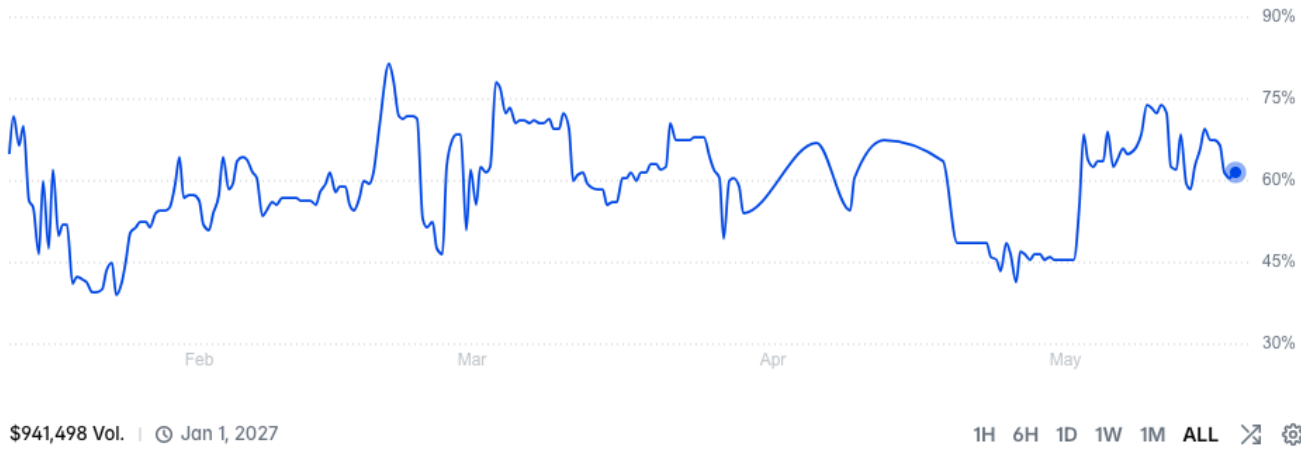
And as more projects operate within the U.S. regulatory perimeter rather than outside it, regulators and law enforcement will have better tools to go after the fraud and abuse that have plagued the industry. We've seen what happens when crypto gets workable regulation: The GENIUS Act unlocked a wave of innovation overnight. We're now seeing crypto inside several mainstream applications, from stablecoins, to AI agents and more; the rest is yet to come.

If it gets up, it will be a significant boost. Naturally, Polymarket has odds, 62% chance. Far from a slam dunk still but better than it was a week ago.



62% chance ▼3%

Polymarket



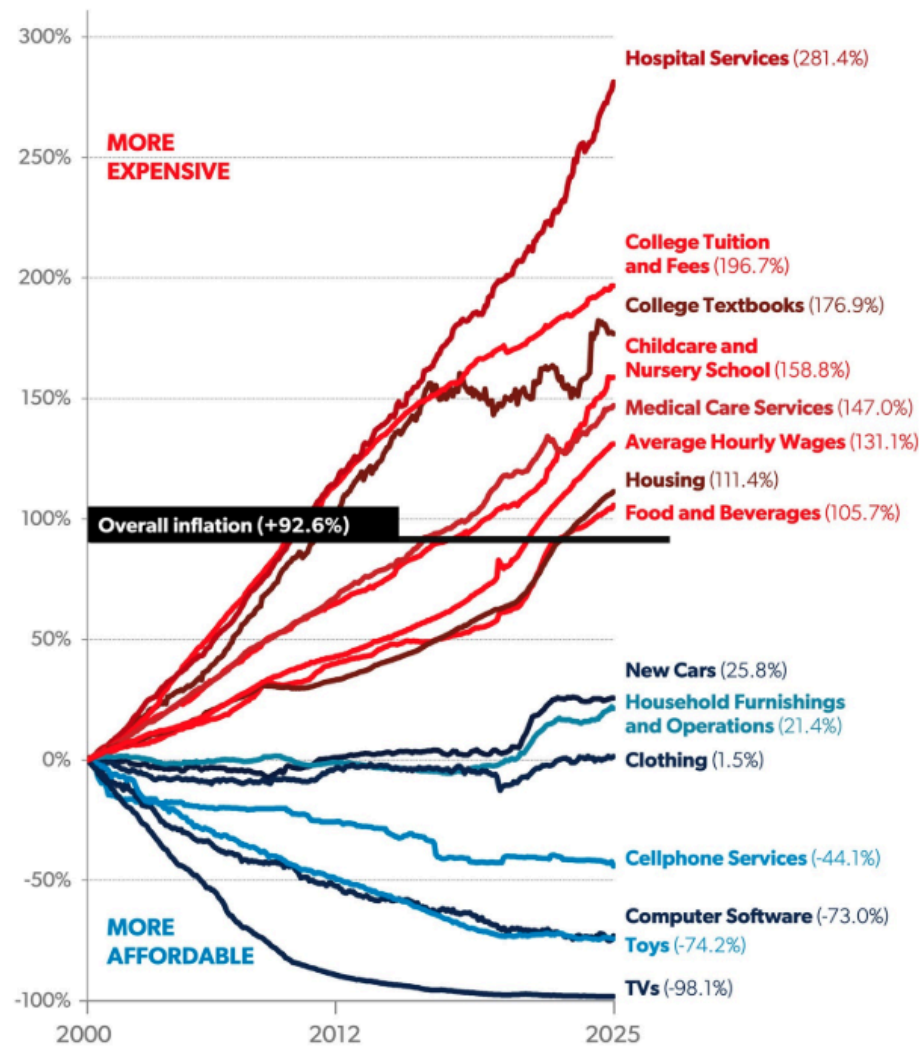
Undefeated

One of the great charts has been updated to the end of 2025. No real surprises either. Anything tech is collapsing in price. Anything where the government has its hands is exploding upward.

One notable change is the slope of the college tuition curve. Previously tracking hospital services like a magnet, it's now rising more slowly than wages. It remains to be seen if this is the AI effect but it is absolutely true that a domain expert in every single subject to PhD level is now in your pocket for \$20/month. College is likely to become a pure social signal, which means the best ones will thrive and the worst ones will die and that would be a good thing.

Price changes (Jan. 2000–Dec. 2025)

Selected US Consumer Goods and Services, and Wages



King of The North



Here is your \$1.50 favourite to be the UK's next Prime Minister. Mayor of Greater Manchester, Andy Burnham.

Not currently a sitting MP, he has managed to convince the incumbent of the Makerfield constituency, Josh Simons, to step aside. Josh is only 32, a graduate of St John's College, Oxford (graduated top of his class) following up with a PhD from Harvard University. He's the real deal (and a local), so his stepping aside smacks of some other deal being done in the background. Perhaps he has been guaranteed a very easy return to parliament at the next General Election but I doubt he stepped down after only two years for nothing.

The constituents of Makerfield have to be convinced that Andy is the right man, which is far from certain. That particular location voted overwhelmingly for Brexit in 2016. 66% of them, in direct conflict with the Labour Party's policies.

As for Andy, he took his opportunity on Monday at something called the "[Great North Summit](#)" to lay out his future for the United Kingdom and, as he loves to call it, 'The North'.

His specific policies include 'making life more affordable' through rent controls, lower public transport costs (he introduced the £2 unlimited bus fare in Manchester at a £200m cost to the local budget) and the ever vacuous "cutting bills".

Rent controls have now been floated by the current Chancellor and the likely next Prime Minister. I would have to say they are coming.

The recent Renters' Rights Act in the UK already prohibits landlords from taking possession of their property aside from specific circumstances (like a sale). Further, they cannot do this for 12 months from the date they let the property. It would seem we are approaching a situation where they will not be able to meaningfully modify rents based on market conditions either. It's very close to the full nationalisation of the private rental market. You cannot repossess, you cannot set the rental price.

That dynamic is everywhere. The whole discussion about unrealised gains in the stock market etc.

Property rights do matter and governments cannot be trusted to protect them. This idea was a fundamental building block of the Bitcoin network. How do we protect property rights without recourse to government and regulation? It's a very hard problem to solve and Bitcoin solved it.

More and more, as property rights are eroded across the Western world, people will wake up to that fact.

The sceptics

Citadel CEO Ken Griffin, at Davos in January.

"While AI might look impressive on the surface, the moment you dig beneath it, it's all garbage."

Citadel CEO Ken Griffin, this week.

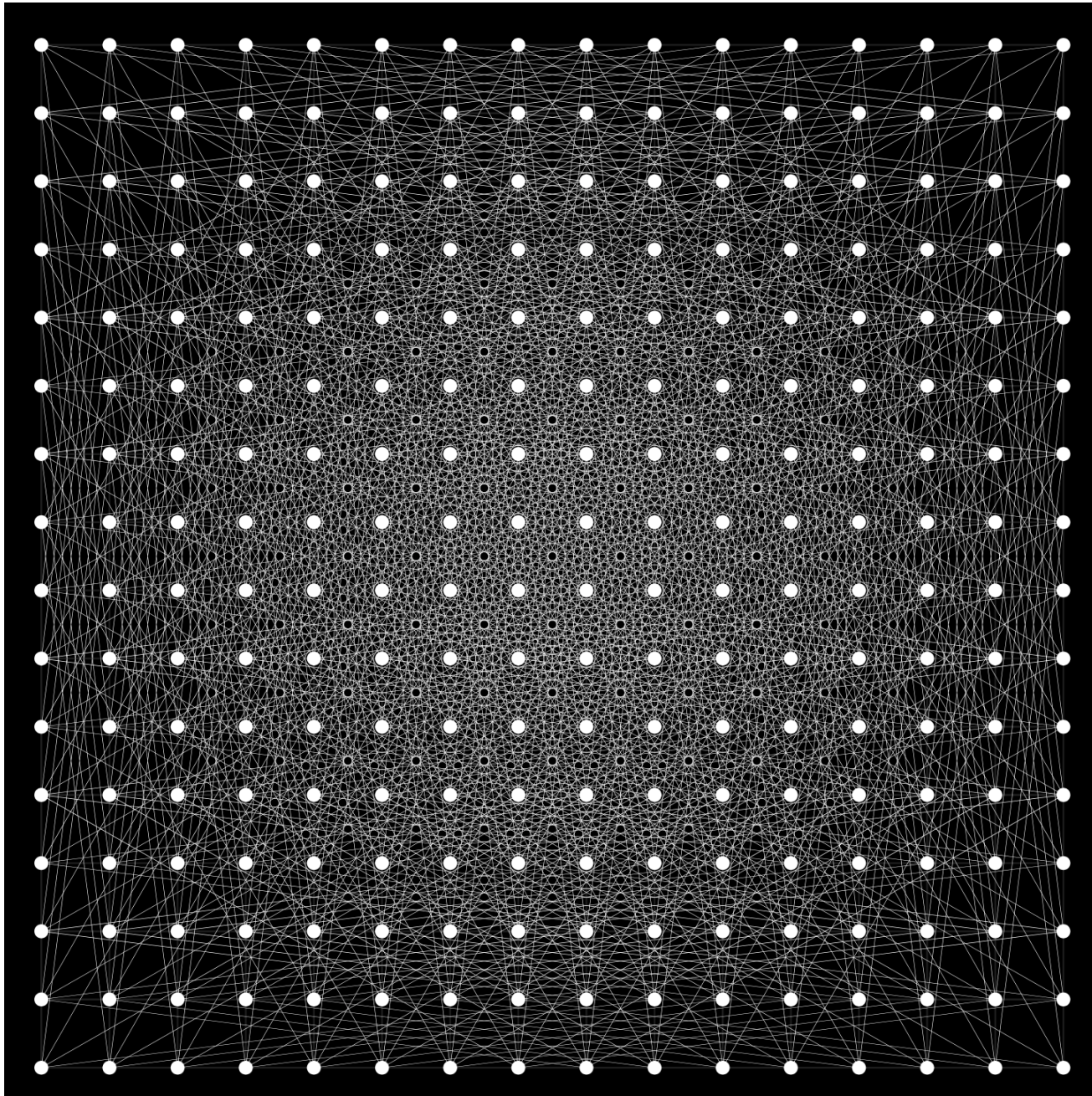
"To be blunt, work that we would usually do with people with master's and PhDs in finance over the course of weeks or months is being done by AI agents over the course of hours or days," Griffin said at Stanford.

It's not that surprising. Many close followers of the technology view the Christmas/New Year period of late 25/26 as the pivotal moment when everything changed. The models released just prior to that were, and remain, absolutely amazing. Not surprising then that a few weeks later Ken had not fully experienced them and now he has.

If commercial applications are not enough to convince you, then fair enough. My personal view has been that until an AI creates **new knowledge** and understanding it is just a regurgitation machine. Accordingly then, I present to you Erdős Problem #90.

If you place n points on a flat surface, what is the largest possible number of pairs that can be exactly one unit apart?

This problem has confounded mathematicians for 80 years since it was first set by Paul Erdős in 1946. It's really easy with 4 dots, hard with 1000, and above that even harder.



This lattice has been believed to be the optimal method for finding a solution, until this week. An OpenAI model has disproved that theory. Its proof is [here](#). Its [chain of thought](#) to get the solution is 125 pages long, it might be garbage, but it obviously isn't. Finally, here are the [remarks](#) of professional mathematicians who reviewed the solution, one of whom said this.

“Like other mathematicians who had the opportunity to experiment, even if only briefly in my case, with ChatGPT Pro 5.5, my impression has been that AI tools are capable of changing research in mathematics in a dramatic way. The new spectacular solution of the Erdős unit distance problem convinces me that it is hard to overestimate the full potential impact of this change.”

Do people know what is happening? I feel like they probably don't.

Euro-Trash

We've been through this before. Mario Draghi won an award and it was herzliche Glückwünsche time for “Dear Mario”.



Christine Lagarde @Lagarde · May 14



Congratulations, congratulazioni, herzliche Glückwünsche, dear Mario!

Across the Atlantic, someone else was scaling the heights of Central Bank achievement, he received only ‘warm congratulations’ for arguably the far greater achievement of becoming Chair of the Federal Reserve.



Christine Lagarde @Lagarde · May 15



Warm congratulations to Kevin Warsh on his confirmation as next Chair of the US [@federalreserve](#).

I very much look forward to working together.

I'm reading too much into this but I will suggest that she is definitely leaving early. Firmly into the "I no longer care" zone and I like Mario much more than I like Kevin.

Fair enough, I say. This is the Christine we always wanted, the one who actually says what she thinks.

At the ceremony itself previous winners get to wear their special medals. Here is Christine wearing one. She is not a previous winner but represented the Euro, which won the award in 2002.



Not to be left out, Ursula von der Leyen won the award last year for "her outstanding commitment to European unity, security and competitiveness". If that's not mega-lolz I don't know what is.

Will Christine win the award in her own right? I think we know the answer.

My submission on why she should not win is here. How much QQQ one euro buys you from the start of Christine's term to now. A 63% decline. I'm not suggesting the Euro should outperform a stock exchange, but I am saying a stable currency should not drop 63% against an index in only 6 years.

