



## Investment Thesis

# Stacks

## STX

### Basic Information

Token type	Native Currency
Price	\$1.81
GCCS Classification	Blockchain Accelerators, Infrastructure, Native Currency
Sector	Blockchain Accelerators

Source: CoinGecko, DeFiLlama, Artemis  
Data as of October 25, 2024

### Key Metrics

Price Range (1Y)	\$0.59- \$3.72
All-Time High	\$3.72
All-Time High Date	April 1, 2024
Down From All-Time High	-51.34%
Market Capitalization	\$2.71B
Volume (24h)	\$81.46M
Circulating Supply	1.49B STX
Max Supply	1,818,000,000
Total Value Locked (TVL)	\$105.55M
Annualized Staking Yield	8.60%

Source: CoinGecko, DeFiLlama, Artemis  
Data as of October 25, 2024

### Overview

**Stacks offers the first integrated solution for building decentralized applications (dApps) and deploying smart contracts secured directly by Bitcoin**, transforming Bitcoin into a versatile base layer similar to Ethereum but with unmatched security and decentralization. Originally proposed in 2017, Stacks extends Bitcoin's capabilities with a unique Proof of Transfer (PoX) consensus model that links it directly to Bitcoin's blockchain. Through PoX, participants called **Stackers lock STX and commit BTC to mint new blocks, earning BTC rewards while securing both networks thereby creating an economic bridge between both networks**. This synergy enables a new wave of Bitcoin-secured dApps.

With the Nakamoto upgrade now fully live, **Stacks delivers faster transaction speeds, and Bitcoin-anchored finality, and introduces a decentralized two-way peg via sBTC**—unlocking BTC for DeFi applications on Stacks. With over \$100 million in TVL, Stacks is broadening Bitcoin's role beyond a store of value, driving demand for more complex Bitcoin transactions. This model contributes to Bitcoin's long-term security as BTC issuance nears its 2140 end date, positioning Stacks as a foundational layer in Bitcoin's future evolution.

- **May 2019:** Muneeb Ali co-publishes the Stacks whitepaper, introducing the PoX consensus mechanism and Clarity, Stacks' programming language for secure, predictable smart contracts.
- **September 2019:** The Stacks Foundation (formerly Blockstack) raises over \$23 million through the first-ever SEC-qualified token offering, positioning STX as a regulated digital asset.
- **December 2022:** The Stacks Foundation proposes the Nakamoto release, aimed at introducing a decentralized, trustless two-way peg between sBTC and BTC while allowing 100% of Bitcoin's hash power to secure the Stacks network.
- **March 2024:** The Nakamoto upgrade is approved by the Stacks community and moves through a rigorous testnet phase.
- **October 2024:** The Nakamoto upgrade reaches full activation at Bitcoin block #867,867, unlocking enhanced speed, security, and programmability for Bitcoin-secured applications on Stacks.

### Key Takeaways

- **Stacks** aims to build a **smart contract application layer** connected to and secured by the Bitcoin network.
- Stacks' vision is to **unlock Bitcoin's \$1 trillion in idle capital**, expanding its use cases beyond a store-of-value asset.
- Currently valued at **\$ 2.71 billion**.

### Risk Factors

- **Network Security:** Although anchored to Bitcoin, Stacks operates on its own security budget, which could leave it more vulnerable to 51% attacks. The Nakamoto upgrade mitigates some risks by strengthening Bitcoin-anchored transaction finality.
- **sBTC peg:** Stacks' decentralized peg for BTC relies on a network of signers to authorize BTC movements, which may be targeted by attackers. Maintaining signer security will be critical as usage grows.
- **Competitive Landscape:** Competition from projects like Merlin, Core, Rootstock, and BitVM, each vying to unlock Bitcoin's potential in DeFi and scalability which may impact Stacks' market share.

## Price Performance



Source: Artemis. Data from October 26, 2019 - October 25, 2024

## Total Value Locked



Source: Artemis. Data from October 26, 2022 - October 25, 2024

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