



Investment Thesis

Tezos XTZ

Basic Information

Token type	Cryptocurrency
Price	\$0.61
GCCS Classification	Smart Contract Platform, Infrastructure, Native Currency
Sector	Smart Contract Platform

Source: CoinGecko, Data as of November 4, 2024

Key Metrics

Price Range (1Y)	\$0.59 - \$1.59
All-Time High	\$9.06
All-Time High Date	4 October 2021
Down From All-Time High	92-90%
Market Capitalization	\$605M
Trading Volume (24H)	\$35.97M
Circulating Supply	1.011B XTZ
Max Supply	∞
Total Value Locked (TVL)	\$37.74M

Source: CoinGecko, DeFiLlama, Artemis
Data as of November 4, 2024

Overview

Tezos is a smart contract platform that can evolve by upgrading itself without having to split ("fork") the network into two different blockchains. To self-amend, the network incorporates an on-chain governance mechanism that enables all validators to participate. The rationale behind a formal governance process is that hard forks result from a divided community, which can negatively impact the long-term development of the network. **Tezos aims to create a more sustainable system that aligns incentives between different ecosystem stakeholders.** Tezos uses a consensus mechanism called Liquid Proof-of-Stake (LPoS) that is highly compatible with the on-chain governance design. To become a validator, a participant must own at least 8,000 XTZ and lock their stake in a smart contract. Users who do not have the means to become a validator can delegate their rights to one to participate on their behalf – LPoS also allows delegators to quickly change validators at any time to align with the one with similar voting preferences.

- **2014:** Arthur Breitman introduced Tezos as a "self-amending crypto-ledger" under the pseudonym of L. M. Goodman.
- **2015:** Breitman and his wife, Kathleen, established Dynamic Ledger Solutions (DLS), which wrote the initial code for Tezos.
- **July 2017:** Tezos' initial coin offering (ICO) was launched, raising about \$232 million in BTC and ETH.
- **September 2018:** The Tezos Foundation, which assumed control of the ICO funds, launched the Tezos mainnet.
- **September 2020:** Société Générale - Forge, which the Banque de France had designated to experiment with Central Bank Digital Currency (CBDC) technology, selected the Tezos blockchain for experimentation with CBDC research and development.
- **June 2024:** Tezos Paris Upgrade reduced block time to less than 10 seconds and introduced a refined adaptive slashing mechanism for higher security guarantees.

Key takeaways

- Tezos differentiates itself with its unique self-amending capability, **allowing the network to upgrade without hard forks.** This feature ensures long-term continuity by avoiding the community splits that often plague other Layer 1 blockchains.
- Its Liquid Proof-of-Stake (LPoS) **consensus mechanism is tightly integrated with on-chain governance**, enabling all ecosystem participants—validators and delegators alike—to contribute to protocol evolution. This design aligns incentives across stakeholders and fosters a sustainable governance model.
- **Tezos has traction in institutional use cases**, including an experiment by Société Générale - Forge for Central Bank Digital Currencies.

Risk factors

- **Adoption Risk:** Despite its longevity, the Tezos ecosystem remains underdeveloped compared to competing blockchains like Solana and Avalanche. Its TVL is \$37 million, a fraction of its peers, highlighting limited traction among developers and users.
- **Centralization Risk:** Tezos' Liquid Proof-of-Stake mechanism requires validators to hold 8,000 XTZ, potentially concentrating power among large stakeholders and creating centralization concerns.

Price Performance



Source: CoinGecko. Data from November 5, 2023 - November 4, 2024

Total Value Locked



Source: Artemis. Data from November 5, 2023 - November 4, 2024

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