

## **Oral Testimony**

My thanks to Delegate Taveras for her sponsorship of HB51 Strategic Digital Asset Reserve Act of Maryland, and to the Economic Matters Committee for their time and attention.

Given HB51's identification of \$500,000,000,000 as minimum investible crypto asset size, I will focus my remarks on bitcoin. Bitcoin is frequently described as volatile in the short term, and that characterization is accurate. Over days or months, price movements can be significant.

However, when evaluated across longer time horizons and multiple market cycles, historical data show that bitcoin has produced a strong compound annual growth rate relative to many traditional asset classes. Linked research, studies and data in submitted written testimony.

This long-term perspective is why an increasing number of public institutions, corporations, and nonprofit organizations are evaluating bitcoin not as a short-term trading instrument, but as a strategic long-duration asset that requires professional custody, operational controls, and governance.

By way of example, my own firm has been and is now engaged in discussions with the United States Government, several large U.S. States, the world's largest global nonprofit organizations and several enterprising multinationals, to support just these types of long-term treasury strategies in a compliant and risk-managed manner.

With regard to custody, safekeeping, management, accounting for and audit of cryptocurrency, HB51 mandates "a secure platform that is specifically created to store, manage, and safeguard digital assets for institutions, or a State Treasurer identified qualified custodian".

One method of storing crypto assets is via a third party custodian, though it comes with risks, including asset loss due to hacks, internal fraud, or insolvency, as users relinquish control of private keys to a central entity. Major threats include cyberattacks, operational errors, regulatory uncertainty, and potential inability to recover assets during bankruptcy, with limited insurance often available.

"Self-custody" in crypto assets describes the process by which an organization holds the private keys to its own digital assets, giving it full control and responsibility, rather than relying on third-party exchanges or custodial wallets. It empowers the organization with financial independence, enhanced privacy, and freedom from external restrictions, while requiring diligent security, governance and control practices.

With proper technology, controls and governance in place, the acquisition, custody, management, safekeeping of and accounting for crypto assets can be achieved in a manner consistent with and overseen by the State of Maryland and its Treasurer and his or her team.

## **References, Data Sources, Citations**

### **1. Long-term performance & CAGR evidence**

Comprehensive long-term price data shows bitcoin has achieved very high compound annual returns over multi-year horizons—illustrating how patience, despite short-term swings, has historically produced strong growth. ([link](#))

- Historical CAGR data over a ~14-year span showing strong annualized returns. ([link](#))
- Detailed historical return figures with inflation-adjusted annualized returns. ([link](#))

### **2. Volatility trends**

Peer-reviewed and industry data show bitcoin's price volatility has been *very high at first* but is diminishing relative to historical peaks as markets mature—important context for any risk discussion. ([link](#))

- A 2025 institutional research piece showing volatility falling from extremes in 2013 to levels more comparable with traditional markets today.

### **3. Institutional adoption & strategic interest**

Independent industry research from major institutional asset managers describes increasing institutional interest in bitcoin *for diversification and strategic allocation* over time (not just speculative trading). ([link](#): State Street)

*Example citation:*

- State Street Global Advisors research explaining why institutional demand has grown—citing diversification benefits and regulatory developments.

### **4. Long-term capital market assumptions**

Formal capital markets research from established financial firms examines bitcoin's expected long-term return and risk profile, showing how some allocators view it within broader portfolio frameworks. ([link](#): VanEck)

*Example citation:*

- Analysis outlining a base-case long-term CAGR projection and assumptions on bitcoin's evolving role in capital markets.

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Multiple independent data sources show that while bitcoin exhibits high short-term volatility, historical price series demonstrate substantial compound annual growth over multi-year periods—consistent with long-term performance metrics used across asset classes. (e.g., historical CAGR data) ([link](#))

Industry research also indicates that, over time, volatility has moderated from its early extremes as markets have matured. (e.g., volatility trend studies) ([link](#))

Institutional research from major asset managers notes growing interest in bitcoin for diversification and long-term allocation frameworks. (e.g., institutional adoption analysis) ([link](#): State Street)

Formal capital market assumptions published by recognized research groups model bitcoin's long-term return potential relative to traditional assets. (e.g., long-term capital market assumptions) ([link](#): Van Eck)

