



Investment Thesis

Tezos XTZ

Token type	Cryptocurrency
Price	\$1.53
Sector	Smart Contract Platform (Layer 1)
Market Cap	\$1.30B

Key Figures

52-Week Range	\$1.19 - \$9.14
Market Rank	#37
Market Capitalization	\$1.30 billion
Total Value Locked (TVL)	\$41.04 million
Circulating Supply	900,250,961
Volume (24h)	\$57,280,871
Volume / Market Cap	0.0426
ATH	\$9.06
ATH Date	October 4, 2021
Down from ATH	-83.12%

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.

- In 2014, **Arthur Breitman** introduced Tezos as a "**self-amending crypto-ledger**" under the pseudonym of L. M. Goodman.
- In 2015, Breitman and his wife, Kathleen, established a company called **Dynamic Ledger Solutions (DLS)** that wrote the initial code for Tezos.
- In July 2017, The Tezos initial coin offering (ICO) launched, raising about **\$232 million** in BTC and ETH.
- In September 2018, the **Tezos Foundation**, which assumed control of the ICO funds, launched the Tezos mainnet.
- In 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.

Key takeaways

- Tezos is a Layer 1 blockchain that can evolve by upgrading itself without having to fork the network.
- The differentiating factor of Tezos is its **built-in governance process**, which aims to align incentives between ecosystem stakeholders.
- Currently valued at \$1.30 billion.

Risk factors

- **Adoption risk.** Despite launching in 2018, the Tezos ecosystem is not as vibrant as emerging Layer 1 blockchains such as Avalanche and Solana. For instance, Tezos' total value locked (TVL) across DeFi applications is \$43 million, about 1% of either Avalanche or Solana's.
- **Macroeconomic and regulatory uncertainty.**

Figure 1:
Price Performance (3-years)



Figure 2:
Total Value Locked (TVL)



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