

Forum:[Hack Forums](#)

Thread: [wBTC Dying?](#)

Omniscient - September 4, 2024, 12:55 pm

<https://wbtc.party/>

Check that weirdness out.

Seems like wBTC is having some changes...

Quote:BitGo is the sole custodian of WBTC.

All BTC backing WBTC is stored in a trust in the US, and managed by one of the most credible custodians in the space.

That all changed late on a Friday, August 9th, when BitGo posted about an update to WBTC's custody model.

The BTC backing WBTC will be moved to BitGlobal, an entity outside the US, partially owned by controversial figure Justin Sun. The last 4 stablecoins taken over by Sun suffered serious de-pegs and treasury concerns, including HBTC, TUSD, and just last week, USDD.

This change of custody endangers the 153k BTC backing WBTC. Whether or not BitGlobal has good intentions, we can't risk the collapse of a \$9B asset at the center of DeFi.

Personally, I'd never use wBTC. In a way, glad it's dying.

SUI-3183372 - September 4, 2024, 1:59 pm

There's a larger battle going on in the wrapped Bitcoin landscape, the arguments being made aren't entirely honest.

Nobody actually cares about Justin Sun's alleged involvement in BitGlobal, BitGlobal would not become the new sole custodian of these BTC, they are simply getting a shard of the keys. Justin Sun wouldn't be able to misappropriate these reserves. BitGo is doing this for two reasons, increase security by removing singular points of failure, and they are further opening themselves up to the Asian markets by going multi-jurisdictional.

This is largely fine. The people behind wBTC, and even more vocally, the Threshold Network community, are trying to scare their followers into thinking this is not fine.

Threshold want to take control, citing they'll introduce DAO like governance in regards to custodying the BTC backing wBTC, and that Threshold Network would control the mint/burn mechanism going forward. They're stating they would deprecate their current product, tBTC, and shift those reserves into wBTC. They're rallying the Threshold community into spewing FUD about BitGo, trying to

convince people outside of this argument that wBTC is at dire risk and needs saving.

Their motivation behind this isn't to save wBTC or to decentralize it, it's to pump their governance token [Threshold](#). Chat logs leaked where they've determined that if they can absorb all of wBTC's market share, that they can pump their Threshold token about 35x. The people behind wBTC are holding Threshold. This play is entirely fueled by greed. wBTC can continue to do nothing and wBTC will be just fine.

There are probably additional motivations to gain as much attention as possible as Coinbase also launches their wrapped BTC token, cbBTC, on the Base chain. One last money grab before Coinbase destroys them.

Omniscient - September 4, 2024, 2:16 pm

I don't personally see wBTC as a huge benefit to Bitcoin. Actually have a friend who stored some BTC in a web3 wallet and they weren't even aware they had wBTC. I had to explain to them they don't technically own Bitcoin. IMHO you can't get more stupid than holding wBTC.

SUI-3183372 - September 4, 2024, 4:06 pm

Only benefit is being able to participate in DeFi on other networks while maintaining your exposure to Bitcoin. May be able to earn some additional yield on top of what you earn by holding BTC.

Introduces risk that simply holding BTC does not incur though.

Marvelous - September 4, 2024, 5:43 pm

wBTC will eventually be back.. Probably all of BTC will eventually be wrapped on a chain that can actually evolve and is sustainable.

Again, once all the BTC is mined in 100 years, and as more people use lightning and cheap alternates.. who will be mining for the good of the cause? I would buy \$100k in miners and take over the network, and if I would do that then Russia/China/NK/etc would definitely do it.

Tokenization is a good thing for BTC because its the only long term sustainable option.