

2022

# Oct

## DappRadar Blockchain Industry Report

October Crypto Recovery Comes with  
More NFT Traders, Hacks and Exploits

## The global crypto market capitalization surpassed \$1 trillion once again, bolstering optimism.

In October, the average number of [Industry Unique Active Wallets \(UAW\)](#) blockchain dapps reached 2.01 million, an increase of 6.84% over September. This increase demonstrates the industry's resilience during uncertain times once again.

This growth was driven by multiple announcements and developments that happened this month. To begin with, incorporating Lido, the leading liquid staking system on Ethereum, within Layer-2 protocols [Arbitrum](#) and [Optimism](#) resulted in a spike in unique active wallets of 501% and 83.31%, respectively. Continuing, NEAR Foundation and Google Cloud announced a new partnership, which caused an increase of 1,332.85% in its UAWs.

October's best-performing token was Dogecoin, which closed the month at \$0.12, a 50% increase from the beginning of the month. This increase was driven by Elon Musk's takeover of Twitter and Dogecoin's announcement of its future roadmap.

The launch of Aptos and APT airdrop made waves in the cryptocurrency space this month, prompting many traders to wonder how they could become involved in other upcoming airdrops. The market capitalization of Aptos' APT token is now at \$1 billion, placing it among the top 50 cryptocurrencies.

Furthermore, the NFT trading volume and number of sales are in decline by 30% each, while the number of unique traders climbed by 18% to 1.11 million. This shows that new people are interested in entering the NFT industry and that the demand is still high, as we witnessed the success of Reddit's NFT Collections.

Aside from market performance, October was a significant month in terms of adoption from large organizations and corporations. Visa, PayPal, and Western Union have submitted further trademark applications for cryptographic products and Web3-related services.

Moreover, according to the database of DeFi scams, hacks and exploits [DEFIYIELD](#), this month saw the largest value of funds lost all year: \$1.09 billion. Cross-chain bridges appear to be a big target for hackers, with 82% of this month's losses attributable to them.

In the following report, we outline some of the most significant trends and figures in October.

## Key Takeaways

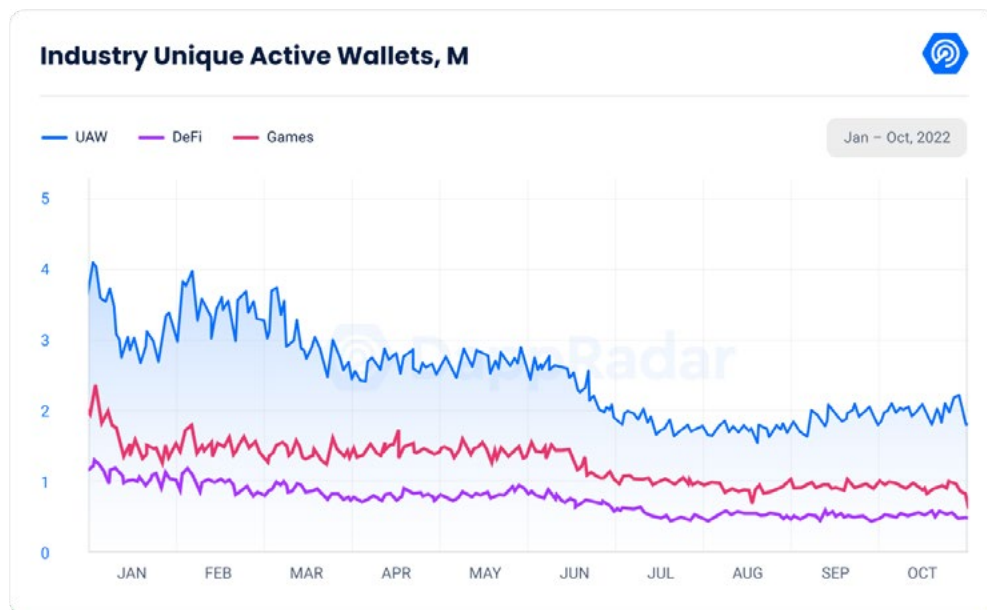
- The industry's Unique Active Wallets shows signs of recovery with a 6.84% (2.01 million) increase from the previous month, but still 31% down from October 2021.
- Arbitrum and Optimism increased their unique active wallets last month by 501% and 83.31%, respectively. This growth is powered by the integration with Lido, which provided the Layer-2 blockchains \$9 million in wETH.
- Driven by the Google Cloud partnership, NEAR increased its UAWs by 1332.85% compared to September.
- DeFi's TVL in October increased by 5.33% (\$83 billion) compared with September; Ethereum still holds 61.97% of the dominance, with \$51 billion locked in smart contracts.
- Aptos' APT coin has a \$1 billion market cap two weeks after its launch, ranking it among the 50 biggest cryptocurrencies.
- While NFT trading volume and sales count are down 30% compared to September, the unique traders count increased by 18%.
- Polygon's NFT trading volume and sales count increased by 770% and 109% from September, driven by the success of the Reddit NFT's collections.
- More than \$1 billion million were stolen in October, the highest monthly value this year so far.

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# Dapp Industry Overview

In October the number of industry Unique Active Wallets for blockchain dapps reached 2.01 million per day on average, a 6.84% increase from September. This shows once again the industry's resilience against macroeconomic turmoil. The blockchain gaming sector has seen its number of UAW decrease by 2% (898K) from the previous month, and its dominance decreased too, dropping to 45%. On the other hand, DeFi had an increase of 7% (504K) from the previous month and reached above half a million UAW for the first time since June.



Despite the bearish trend in the industry, there are a few silver linings that keep users optimistic about the future direction of the dapp industry.

Compared to the previous month, the Layer-2 protocols [Arbitrum](#) and [Optimism](#) increased their unique active wallets by 501% and 83.31%, respectively. This growth is driven by the recent integration of Lido, through which these Layer-2 blockchains have received a combined \$9 million in wETH.

Following the same spectacular trend, [NEAR](#) increased its UAWs by 1,332.85% compared to the previous month. In the beginning of October, NEAR Foundation [announced](#) a new partnership with Google Cloud. Going forward, Google Cloud will provide technical support for NEAR grant recipients.

[BNB Chain](#) increased its daily average UAW this month by 9.41%, surpassing half million. It is the highest activity we've ever registered since April.

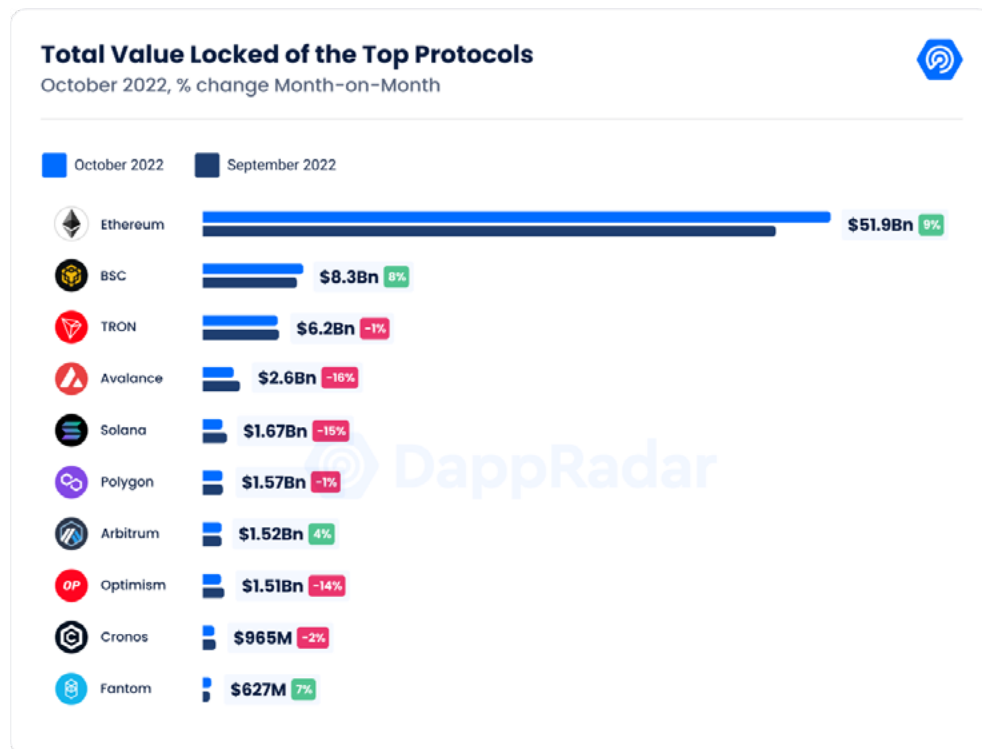
In contrast, [Ethereum](#) remains on a downward trend, and this month the number of unique active wallets decreased by 4.53% and now has a daily average UAW of 70,768. In addition to Ethereum, [Flow](#) decreased its UAW by 23% and now has 42,552 daily average UAW and [Solana](#) by 33.87%, reaching 114,169 daily average UAW in October.

# DeFi continues to show signs of recovery with a 5.33% increase from September

The total value locked in DeFi platforms, also known as the TVL, continues to show signs of recovery, and this month increased by 5.33%, reaching \$83 billion.



Ethereum remains the most popular chain with \$51 billion TVL, a 9.52% growth from September. But relative to other protocols, its dominance decreased from 69% in September to 61.97% in October. BNB is once again the runner-up with \$8.3 billion in TVL, an 8.57% growth from the previous month. The recent BNB Chain exploit didn't affect the metric at all.



On the same trend, Arbitrum kept increasing its TVL, which this month increased by 4.05%. This growth was driven by the speculation of a possible Arbitrum airdrop.

In a series of [tweets](#), cryptocurrency analyst and commentator Miles Derschner speculated on Twitter: "The Arbitrum token (and airdrop) is coming sooner than we think. People made \$10,000-\$50,000 from Optimism. Arbitrum is next."

On the other hand, Avalanche, Solana and Polygon continue on a decreasing trend, and this month their TVL decreased by 16.34% (\$2.6 billion), 14.80% (\$1.6 billion), and 1.11% (\$1.57 billion), respectively. The Mango hack caused the reduction in Solana, analyzed in a section below.

# After months of stagnation, the crypto market seems to have escaped from its tight range

The global crypto market cap finally breached the \$1 trillion mark once again, which aided market bullishness. Bitcoin (BTC) and Ether (ETH) had daily gains as bears finally took a back seat.

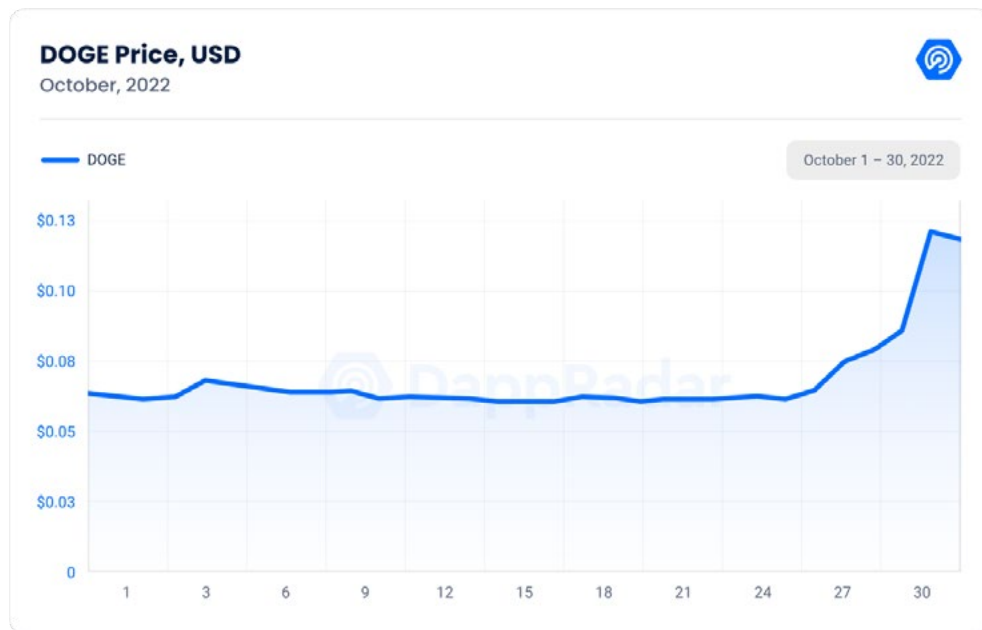
After the crypto market started to turn green on October 25, over \$1.2 billion in short liquidations took place in around 24 hours. The crypto market finally broke free from the tight price range it had oscillated in since September.

Despite the notable gains and bullish sentiment across the market, BTC price had stabilized at the \$20,600 mark. On the other hand, ETH price also faced rejection at their upper resistance levels.



Altcoins had also performed strongly through the month, notably led by Dogecoin (DOGE), which closed the month at \$0.12, a 50% increase in the past 30 days and six-month highs. This increase was driven by Elon Musk's takeover of Twitter and Dogecoin's announcement of its future roadmap.





Another top performer this month was Aptos, which many users call yet another “Solana killer”. It is a Layer-1 blockchain with its own mainnet. On October 19, the Aptos Twitter account [announced an airdrop](#) to be made. To participate, users were supposed to fill out an application for an Aptos Incentivized Testnet, per the tweet.

The thread promised that 20,076,150 APT tokens in total would be airdropped to 110,235 participants. The team of the token stated that this would be the only APT airdrop this time, said it could be claimed only via the official Aptos Community page, and warned people to be careful and trust only official sources of information about APT.



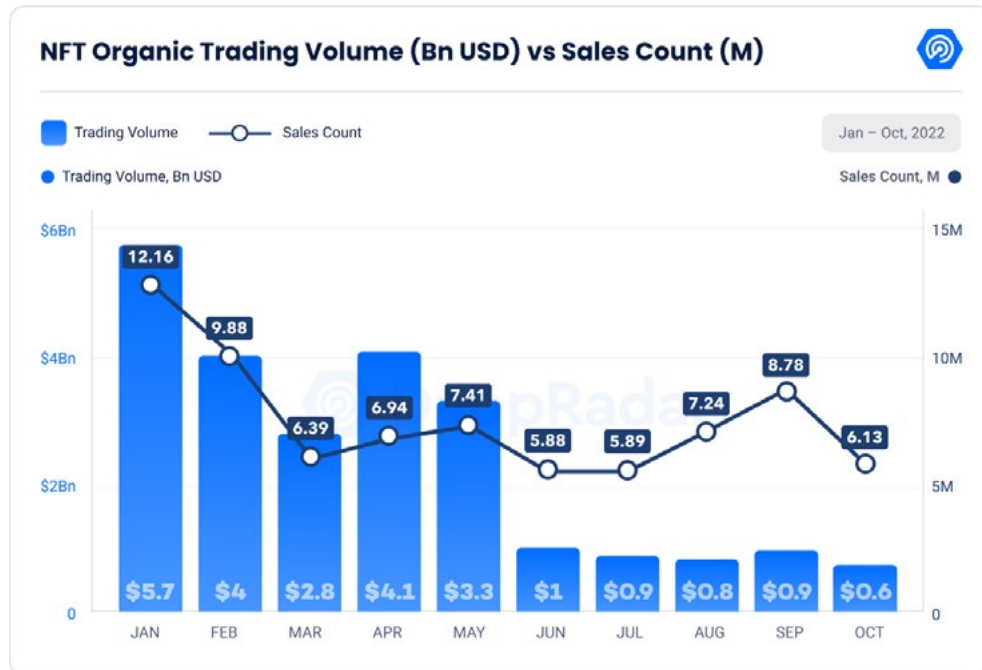
Two weeks after its launch, Aptos’ APT token already stands at a \$1 billion market cap ranking it among the 50 biggest cryptocurrencies overall, according to [CoinGecko](#). On October 31, the APT token was trading at \$7.80, up 15.5% compared with the all-time low of \$6.75.

Aptos is a Layer-1 blockchain backed by FTX and the crypto-friendly venture capital firm Andreessen Horowitz (a16z). Aptos is run by ex-Meta workers who pioneered the company's failed Diem stablecoin.

Although Aptos had a 'rocky start', observers' interest in Rust-based Layer-1 blockchains such as Aptos, Sui, and Radix remains strong.

# 1.18 Million unique traders enter the NFT market

The NFT trading volume measured in USD this month decreased by 30% from September, reaching \$662 million. It is the lowest amount we have registered this year. In addition, the sales count decreased by 30% month-over-month.



[Ethereum](#) continues to be in a descending trend with its NFT trading volume for the past two months. This month, it decreased by 21% reaching \$324 million, the lowest NFT trading volume we have registered since June 2021. [Solana's](#) trading volume decreased by 49% (\$66 million), returning to the average trading volume seen in August and July. The spike in September was driven by the launch of the [y00ts collection](#).

On the same trend as Solana, [Flow](#) witnessed a decrease in NFT trading volume this month by 60%, reaching \$15.57 million. The hype of the previous month was due to the partnership between NFL and Flow.

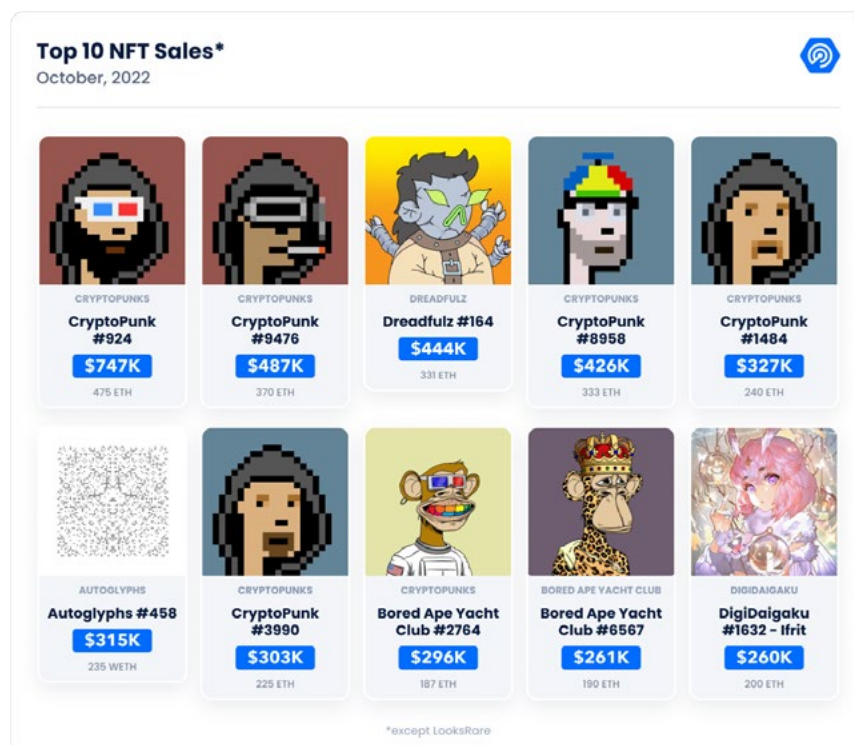
On the bright side, [Polygon's](#) NFT trading volume spiked this month, with over a 770% increase reaching \$10 million. The growth was driven by the success of the [Reddit NFT collections](#) that we've analyzed [in this report](#).

On the same trend as Polygon, [Theta](#) increased its NFT trading volume by 55%, reaching \$9.9 million. This growth was driven by the launch of the unique NFT collection of Bollywood icon Amitabh Bachchan. The series of artworks celebrate the megastar's 80th birthday. A multi-city NFT exhibition titled "A Movable Feast" will display 51 curated artworks that paint the life and times of the cultural idol.

Looking at the sales count on other protocols, Polygon had an increase of 109% month-to-month driven mainly by the Reddit NFT Collections mentioned above. Following the same trend as Polygon, BNB Chain also increased their NFT sales count by 60% compared to September.



Even though the NFT trading volume and sales count decreased this month, the unique traders count increased by 18% reaching 1.11 million. The rise in the unique traders' count indicates that new people are entering the NFT market, and it is still in great demand.



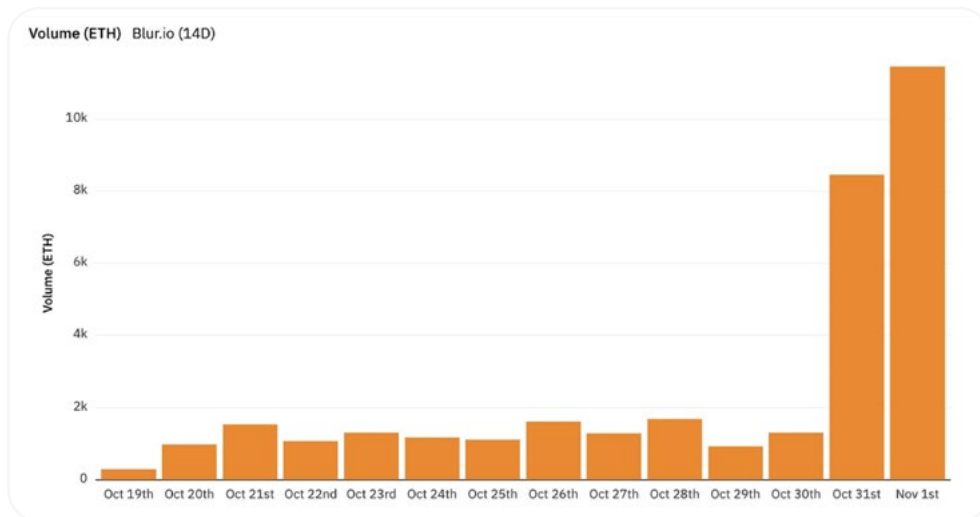
Looking at the top 10 sales of this month, we could observe how the Yuga Labs projects dominate the NFT market. Yuga Labs is the company behind [CryptoPunks](#), [Bored Ape Yacht Club](#), [Meebits](#), [Mutant Ape Yacht Club](#), [Kennel Club Yacht Club](#) and [Otherside](#). Once again, when blue-chips maintain the majority of their value and trading is concentrated on one asset class, we see a hyper-centralization of activity.

# Competition among NFT marketplaces is heating up

This month, a new NFT marketplace with no trading costs and an airdrop of its native token was introduced to JPEG collectors who have continued trading throughout the downturn market.

Blur, an Ethereum-based platform, released its beta version on October 23, with over \$14 million in support from venture-capital titan Paradigm, NFT-native investment fund 6529, digital art collector Cozomo de' Medici, and others.

The platform targets “professional” NFT traders with features like “floor sweeping” across several marketplaces, reveal “sniping” and portfolio analytics tools, as well as a planned airdrop of its BLUR token to anyone who has traded Ethereum-based NFTs within the previous six months.

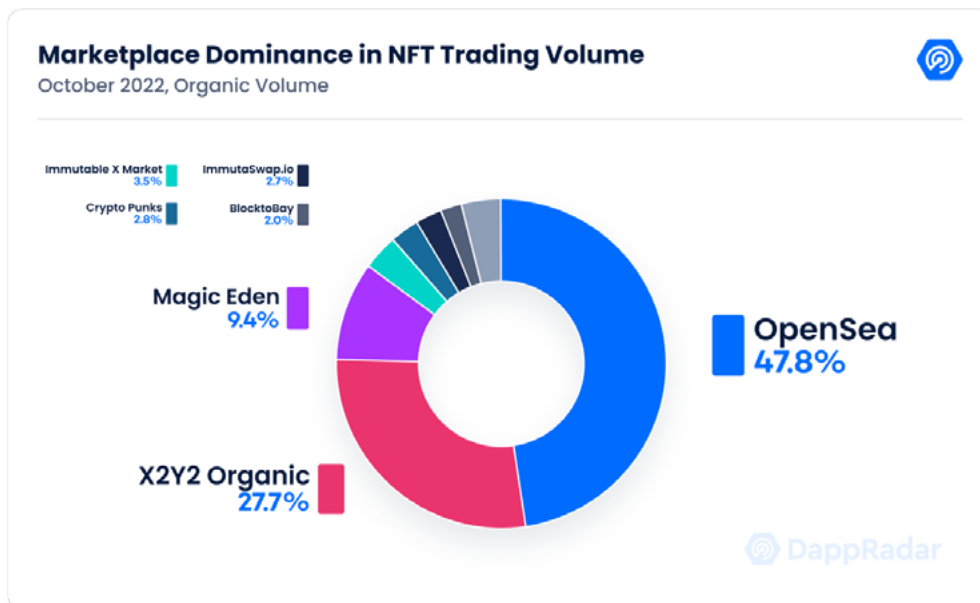


Source: [Blur tweet](#)

On November 2, they announced a new all-time high of 11,450 ETH (\$18.1 million) in trading volume.

In the past months, OpenSea's competitors have increased their market share, transforming the market from a “monopoly” to an “oligopoly”. OpenSea is the industry leader in terms of users and volume, although Ethereum and Solana-based exchanges X2Y2 and Magic Eden have gained market share since 2022.

In October, [OpenSea](#) marketplace dominance decreased by 8.3% compared to August, and their NFT trading volume decreased 12.1% (\$313 million) month-over-month. It is the lowest trading volume we have registered since July 2021.



Following, [X2Y2](#) has been increasing its dominance, and in comparison to August, it increased its market share by 8.4%. Even though the dominance increased, the NFT trading volume month-to-month decreased by 38.82% (\$181 million). Nevertheless, this month they [launched](#) a new NFT loan feature. The project aims to attract users by not charging any fees.

Lenders can make multiple loan offers with different durations to better utilize their ETH. This is vastly different from existing lending platforms, where users need to bid using different accounts, which is not capital efficient.

On the same trend as X2Y2, [Magic Eden](#) has increased its dominance by 2.3% in comparison to August, but still, the trading volume decreased by 52.07% (\$61 million) month-over-month.

Although all markets are experiencing heightened volatility at a time when interest rates and inflationary factors are uncertain, wars and global conflict continue, and other factors influence the markets, NFTs and their underlying marketplaces are showing strong signs of enduring regardless of fluctuations.

## The zero royalties dilemma

Cryptopunks, one of the first examples of a generative profile picture project, or PFP, did not come with any royalty payments in 2017. The only place where these pictures could be traded was on the official CryptoPunk exchange, and no taxes were placed on secondary sales back then and now. However, things changed in 2021 when Yuga Labs entered the scene with its Bored Ape Yacht Club collection. This new project showed how lucrative it could be to introduce royalties into the mix.

To date, all of Yuga Labs's collections have amassed \$140 million in royalties. Seeing Yuga's achievement, other NFT projects followed suit and adopted a standard royalty rate of 2.5%. With the recent slump in both the price and volume of NFTs due to the bear market, users are more prudent than ever.

## Top 10 Entities Earning Creator Royalties



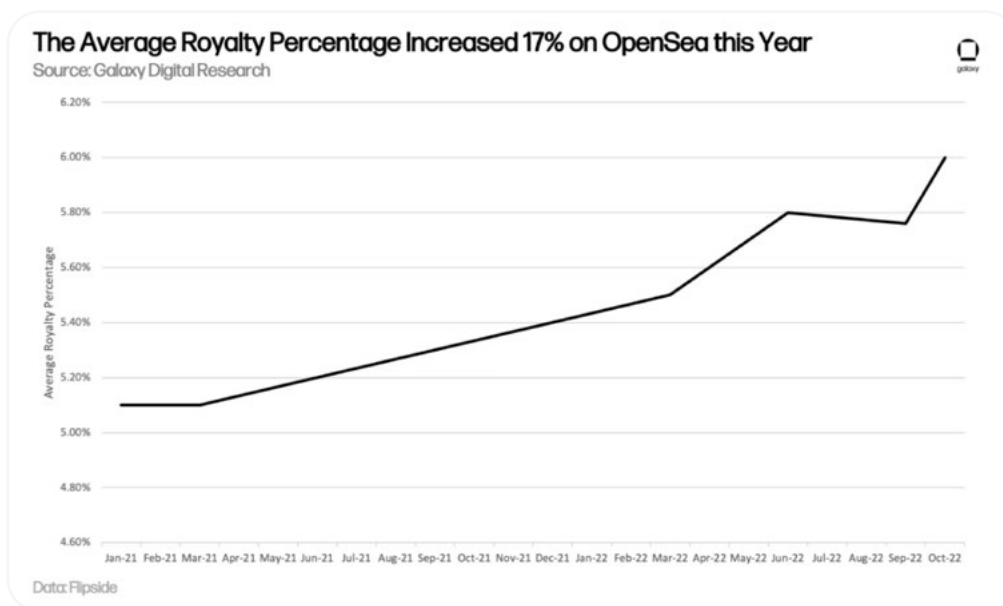
Entity	Total Royalties Earned
Yuga Labs (BAYC, MAYC, Otherside)	\$147,602,791
Art Blocks	\$82,015,895
OpenSea Storefront Creator (Shared Contract)	\$76,749,032
Chiru Labs (Azuki)	\$52,061,077
PROOF Collective (PROOF Pass, Moonbirds)	\$30,731,418
The Sandbox	\$26,125,799
Doodles	\$24,342,954
VeeFriends	\$21,455,933
NFT Worlds	\$15,428,413
World of Women	\$13,199,400
<b>Total</b>	<b>\$489,712,712</b>
Data: Flipside	

Source: [Galaxy](#)

The market has begun to push back against collections that generate ongoing revenue through royalties despite failing to realize their grandiose goals. The launch of SudoSwap in July 2022, which utilizes an AMM model for NFT trading, marked the beginning of the anti-royalty campaign in the NFT industry.

By September, the royalty-free movement appeared to have taken Solana NFT by storm. Magic Eden declared that it would make royalties optional on its platform to level the playing field with these rapidly ascending competitors. Since the announcement, Magic Eden's market share has increased to almost 90% of the Solana NFT market.

The emergence of royalty-free rivals such as Yawww and Hadeswap posed a threat to Magic Eden's 90% market share of the Solana NFT marketplace business. The large movement in market share from Magic Eden before they decide to waive fees demonstrates that the Solana NFT ecosystem is more sensitive to the continuing royalty discussion.



Source: [Galaxy](#)

OpenSea, which enforces royalties, is the leading platform, indicating that Ethereum's NFT community will fight hard to preserve royalty rights.



# Are NFTs becoming securities?

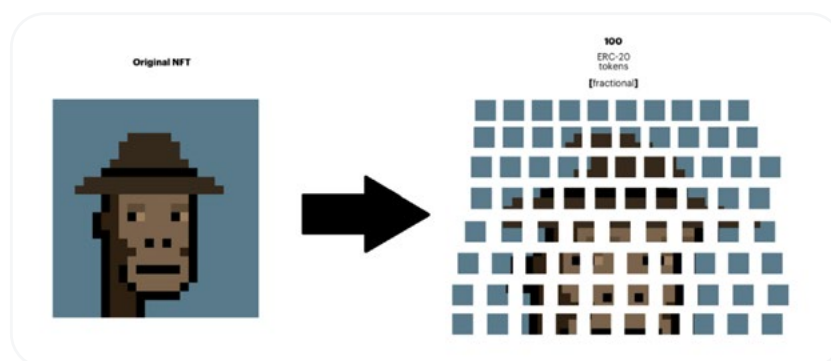
With such hype, more and more companies are looking at NFTs as a way to raise money. The beauty of the NFT is its adaptability and the fact that it allows for the transfer of authenticated ownership of a unique good on the blockchain. But before considering an NFT offering, companies should consider potential legal requirements that limit the use of NFTs for fundraising.

The U.S. Securities and Exchange Commission ("SEC") regulates securities and requires the registration of a security with the commission before it can be publicly traded. To determine whether an investment falls within the definition of a security, the SEC will often consider whether it meets the definition of an "investment contract". The seminal U.S. Supreme Court case, SEC v. Howey, employs the following factors to make this determination:

- An investment of money
- In a common enterprise
- With the expectation of profits
- To come solely from the efforts of others.

As applied to NFTs, if the NFT itself is similar in use to an art piece, it looks less like a security and more like a collector's asset. NFTs may cross over to the SEC's jurisdiction when the issuers of the NFT market the NFT as an investment that is likely to appreciate.

Fractionalized NFTs, "F-Nfts" and NFT baskets are also gaining popularity. Such products allow users to invest in a limited percentage of one NFT, and may facilitate the acquisition of interests of multiple NFTs. Platforms like Fractional, Niftex, and DAOfi allow individuals to purchase and trade F-NFTs the same way an investor could trade stocks on Robinhood.



Source: [Medium](#)

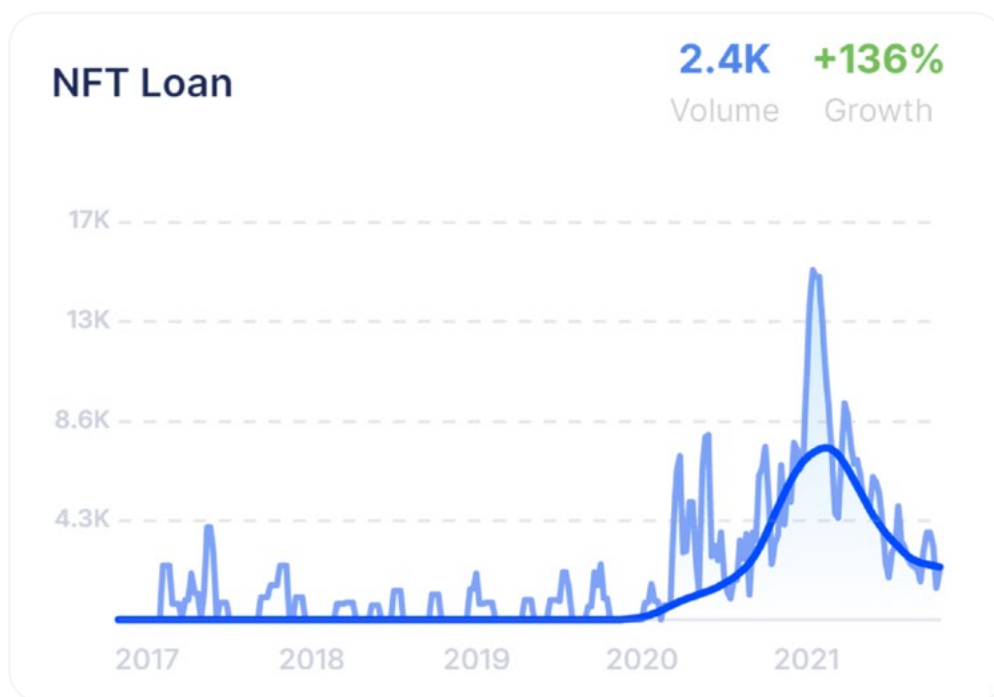
For the reasons explained above, NFTs can be used as collateral to secure a loan. The NFT is locked into a smart contract for a set amount of time or until the borrowed amount (plus interest) is repaid. If the borrower can't repay the loan in time, the NFT becomes the asset's new owner. Lending an NFT is safe if

the lending platform uses a heavily-audited smart contract. If a smart contract has not been audited, the risk of placing the NFT in a potentially hacked contract increases, resulting in your assets being stolen.

Considering the NFT market is extremely volatile, lenders risk being stuck with an overvalued NFT if the project plummets in value. Several NFT collateral platforms have gained popularity in the last period: BenDAO, NFTfi and Arcade.

Using an NFT as collateral is a realistic way to get cash quickly without selling the asset. However, there are many risks involved for both borrowers and lenders alike. For one, when the asset is locked in a smart escrow contract, the benefits of being a holder of that specific asset are lost.

## Interest in NFT Loan



Source: [Glimpse](#)

According to [Glimpse data](#), interest in NFT Loan grew 136% over the past year, compared to the year before, putting it at a current volume of 2.4K searches per month.

# Large institutions and corporations continue to embrace Web3

Despite the long crypto winter; there has been a steady flow of crypto trademark applications in the past last period.

Filings for trademarks are often defensive legal moves, but that doesn't mean the products and services they cover will be made and sold. However, they demonstrate that a corporation is aware of a prospective future market and is prepared to enter it.

In October alone, Web3 and NFT filings were made by brands as diverse as musical instrument manufacturer Fender, food giants Del Monte and Kraft (regarding its iconic Wienermobile), burger chain Inn-N-Out, snack manufacturer Takis, wine and spirits company Mot Hennessy, auto racing company Formula One, online betting platform DraftKings, and singer Lizzo.

The most important trademark filings come from Visa, Paypal, and Western Union.

According to Visa's filings, the company is considering a cryptocurrency wallet, which the company describes as software that allows users to view, access, store, monitor, manage, trade, send, receive, transmit, and exchange digital currency, virtual currency, cryptocurrency, digital and blockchain assets, and non-fungible tokens (NFTs).

Visa may also have a presence in the metaverse, as it is considering offering virtual settings where users can interact for recreational, leisure, or entertainment purposes.

PayPal's trademark application includes 18 mentions of crypto, beginning with downloadable software for sending, receiving, accepting, buying, selling, storing, transmitting, trading, and exchanging digital currency, virtual currency, cryptocurrency, stablecoins, digital and blockchain assets, digitized assets, digital tokens, crypto tokens, and utility tokens.

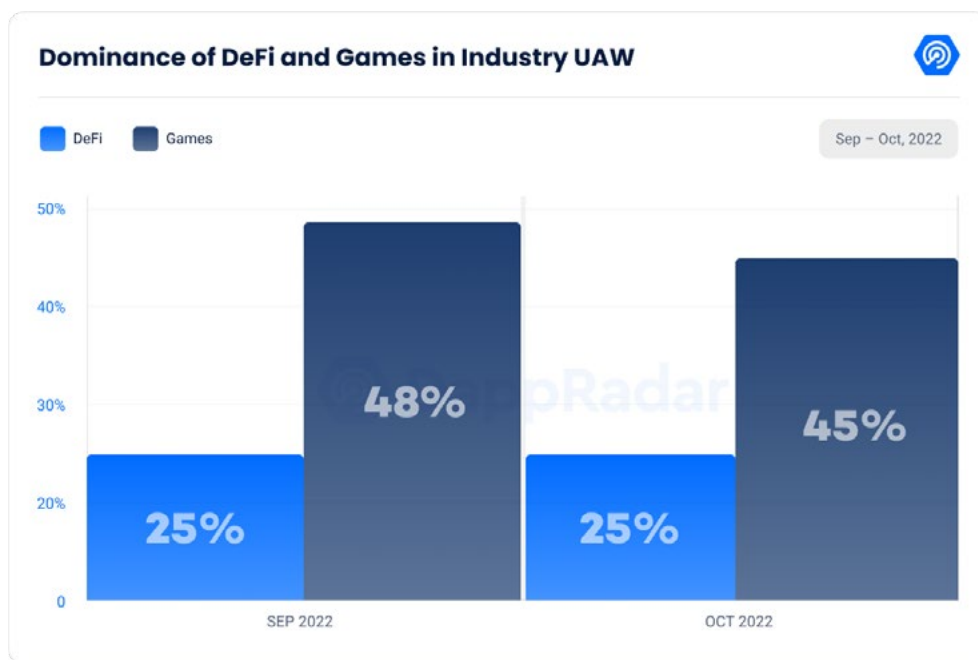
PayPal now allows customers to purchase bitcoin, ether, bitcoin cash (BCH), and litecoin (LTC) and send them to external wallets, but it is evidently still in the process of developing its own cryptocurrency wallet.

The filing by Western Union purports to cover all aspects of digital payments, such as "the management and maintenance of digital money and electronic wallets." Like its competitors, WU intends to develop "downloadable software for creating cryptographic keys for receiving and spending cryptocurrency."

# The gaming sector still accounts for 45% of the industry's usage

Gaming blockchain technology is one of the emerging, promising industries of Web3, with 898,481 daily Unique Active Wallets in October.

It is worth mentioning that even if the dominance of games for the UAW has decreased from 48% to 45% MoM, it still represents a good indicator for the sector because it still dominates the Web3 industry.



More Web2 gaming companies are looking at blockchain gaming. In fact, this month, Sega, one of the most influential Japan-based gaming companies, announced that it will build its first blockchain-based game. The project, which will be built by another gaming company, Double Jump Tokyo, will be based on the Sangokushi Taisen franchise, a popular arcade game in Japan.

To get more insights on blockchain games and trends like virtual worlds, move-to-earn, and the leading game dapps, read our [latest BGA Games Report](#).

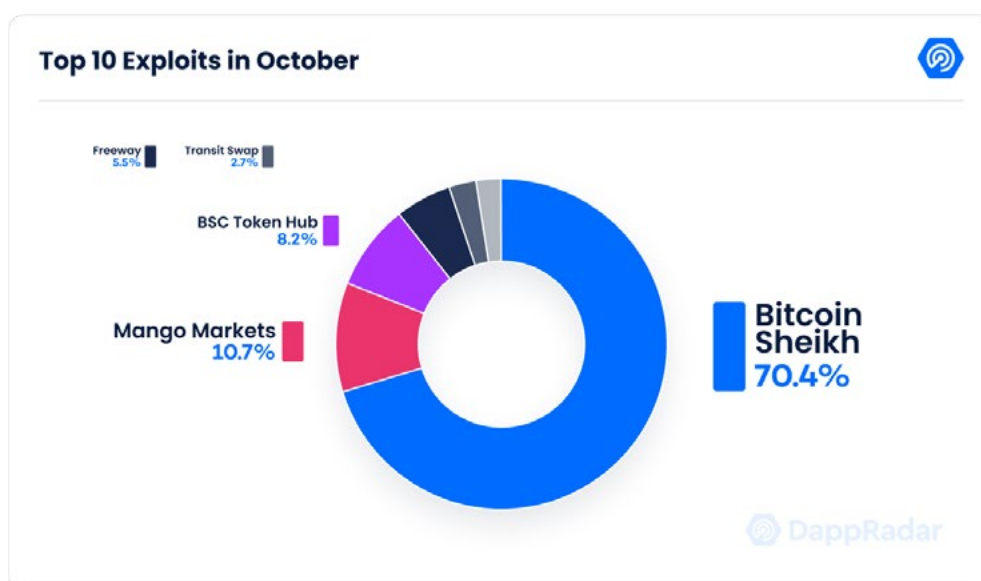
# October is the month with the most lost funds

The month of October has recorded the highest value of hacked and stolen crypto assets all year, \$1.09 billion, according to [DEFIYIELD data](#). The second-highest month was March due to the Ronin network's breach for roughly \$625 million, the largest single hack to date.



Source: [RektDatabase](#)

The biggest fraud this month is Francisco Valdevino da Silva, aka the “Bitcoin Sheikh”. According to the Brazilian authorities, he is suspected of having defrauded and laundered up to 4 billion Brazilian reais (about \$766 million) from “thousands” of Brazilians and citizens from at least ten other countries.



The second largest exploit is the Mango Markets, a decentralized finance (DeFi) trading platform on the Solana blockchain where \$117 million funds were hacked from the platform. According to a tweet from

Mango Market, the hack was caused by a price manipulation on the native MNGO token.

On the same day of the Mango Markets exploit, October 11, additionally, three known exploits happened and \$3.57 million were lost.

The second-largest exploit targeted TempleDAO, a yield-farming DeFi protocol, resulting in the loss of 1,831 ETH, or \$2.37 million. Stax, a decentralized application powered by TempleDAO, tracked the address of the actor responsible, and in the meantime, cautioned users against making further deposits into STAX contracts.

In third place, the layer-1 blockchain QAN platform suffered a bridge hack during which 1.4 billion QANX tokens, or just over \$1 million, were drained on Binance Smart Chain (BSC) and Ethereum. The company stated that only the QANX Bridge smart contract deployer wallet was compromised — and that affected QANX token holders would be compensated.

The last target of Oct. 11 was Ethereum wallet service Rabby, which reported an exploit in its smart contract for its Rabby Swap feature that resulted in an approximately \$200,000 loss. It is still reportedly tracking the stolen funds.

If this trend continues, 2022 will likely surpass 2021 as the biggest year for crypto and blockchain hacking on record.

Last year recorded over 200 hacks and more than \$3 billion in losses. This year has already seen 125 hacks as it approaches the \$3 billion threshold. Cross-chain bridges appear to be a major target for hackers, accounting for 82% of losses this month and 64% all year.

# Conclusion

Currently, the global economy is facing formidable obstacles. Several financial indexes and national currencies are already witnessing a continuous decline. Thus according to some estimates, we may be in the earliest stages of a global recession.

As one of the newest businesses, the cryptocurrency market's performance in 2022 has been particularly poor.

Additionally, it is possible to assert that we have been in a bear market for a very long period, but as the report states, this month showed signs of recovery.

It is worthwhile to briefly explore the gradual but consistent trend of significant institutions filing trademark applications for cryptocurrencies.

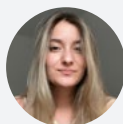
Trademarks are frequently defensive legal maneuvers, but that does not guarantee that the goods and services they protect will be manufactured and marketed. However, they suggest that a company is aware of and prepared to enter a potential future market.

Unquestionably, a further bull run will occur, and it may be considerably stronger than the previous one. Each time the market encounters adversity, it finally grows stronger, and the caliber of initiatives improves. Notably, cryptocurrencies are not only financial assets, but also a component of the technology industry.

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