



Q2 2021: Quarterly Report

I Executive Summary

Decentralization in Action

On April 6, 2021, the [Stellar Development Foundation's validator nodes temporarily halted](#) and its public Horizon API instance went down as a result. Despite this, Stellar remained online. There were enough validators available to securely process transactions, and SDF's engineering team spun up new nodes and brought a new Horizon instance online. [Demonstrating the power of decentralization](#), the network continued operating as it was designed to do, and validators continued to publish archives keeping track of ledger history. SDF is grateful to all parties involved in keeping Stellar up-and-running during that time and plans to use the lessons learned to further support the network.

Throughout the rest of the quarter, there were plenty of victories to be proud of, and SDF gained invaluable experiences and learnings that would bolster its three strategic pillars: supporting the robustness and usability of Stellar, helping Stellar be the blockchain people know and trust, and fostering and developing sustainable Stellar use cases for cross-border payments and securitized assets.

Further improvements have been made to Stellar, with two Protocol upgrades implemented and accepted by validators – 16 & 17. [Protocol 16](#) helped all nodes affected by the April 6, 2021 incident to restore service. [Protocol 17](#) introduced a new feature – [asset clawback](#) – to Stellar, designed to let businesses issuing regulated financial instruments comply with regulatory requirements by providing the ability to revoke assets in certain situations. Learn more about how to use asset clawback on Stellar through this [tutorial](#), which shows how to set up the operation and complete the asset clawback transaction.



Another exciting development is the progress made on improving network liquidity on Stellar. The need for increased liquidity has become increasingly apparent as transaction volume grows on the network, and the Stellar ecosystem has long explored the potential for [Automated Market Makers](#) (AMMs) on the network. After two different Core Advancement Proposals (CAPs) — [CAP-37](#) and [CAP-38](#) — introducing AMMs to Stellar were drafted and discussed about on the [Stellar Dev Mailing List](#) and in [Open Protocol Meetings](#), the CAP Committee — a group of protocol designers who evaluate proposed changes to the Stellar network — voted to move forward with CAP-38. If validators vote to accept Protocol 18 with CAP-38, users will be able to create liquidity pools, enabling cheaper, faster, and highly usable cross-asset payments and democratizing market making by giving everyone the ability to participate in liquidity provision.

To cement Stellar as the blockchain people know and trust, SDF has been hard at work in partnering with regulators, policymakers, and financial institutions to educate the public on the benefits of blockchain in finance. Upon [convening](#) Ukrainian financial institutions with blockchain and virtual assets experts, SDF accepted an invitation to become a member of the [Association of Ukrainian Banks](#), an organization of 45+ banks of all sizes and scope. This new partnership reinforces SDF's role as an advisor to Ukraine on deploying blockchain technology and virtual assets. It also affirms the utility of public-private partnerships for building healthy virtual asset ecosystems in new countries and regions.

SDF has also made significant progress on fostering and developing sustainable Stellar use cases for cross-border payments and securitized assets. In early May, Tala and Visa announced a partnership to bring blockchain solutions to emerging markets and expand access to financial services. By integrating with Circle and Stellar, Tala will enable their customers to access Stellar USDC through their digital wallets, allowing them to securely store their money, make payments, and spend their USDC at any of the 70 million merchants worldwide that accept Visa.

In addition, SDF has completed two investments from the Enterprise Fund for a total of \$18 million in Q2 2021 — \$3 million in Tribal Credit, which develops blockchain products and services on Stellar and increases access to financial services in emerging markets,

and \$15 million in Airtm, a blockchain-based payments and peer-to-peer exchange platform for multi-currency transactions in Latin America. This brings the total number of investments SDF has made in 2021 to five, exceeding our goal of one Enterprise Fund investment per quarter for the fiscal year.

As for the developer community, the Stellar Community Fund [wrapped up its first round of 2021](#), awarding eight project grants totaling 5 million XLM. Use cases ranged from enterprise payment processing to DeFi protocols to legally binding e-signatures. These entrepreneurs exemplify what it means to build innovative solutions on Stellar, and SDF is excited to see more high-quality projects in [the rounds to come](#).

The following report further details this progress and other key accomplishments on the 2021 roadmap.

Stellar in the News

- [Lending platform Tala collaborates with Visa, Circle and SDF to bring crypto to the underbanked](#)
- [Stellar's Airtm Investment Seeds DeFI Opportunity In LatAm Markets](#)
- [Blockchain will thrive once innovators and regulators work together](#)
- [Around the Coin Podcast: Denelle Dixon, CEO and Executive Director of SDF](#)
- [Banking, business and blockchain: expanding financial access](#)
- [Will regulation adapt to crypto, or crypto to regulation? Experts answer](#)
- [How smart regulation can improve the future of blockchain](#)
- [Modern CTO Podcast with David Mazières, Chief Scientist of SDF](#)
- [How blockchain technology is fixing payments today and what comes next](#)
- [CoinDesk Money Reimagined podcast: Never Break the \(Block\)Chain: Advancing the Dream of Interoperability](#)
- [Bloomberg Daybreak: Asia segment on diversity and inclusivity in crypto](#)

Virtual Events

- [European Blockchain Convention](#)

- [The Future of Finance: Digital Assets and Beyond](#) with Candace Kelly, General Counsel, SDF
- [Creating Equitable Access to the Global Financial System](#) with Denelle Dixon, CEO and Executive Director, SDF
- Paris Fintech Forum
- [NFTs on Stellar Roundtable Discussion](#)
- [Chamber of Digital Commerce Parallel Summit](#)
- [GBBC University Dialogues on Blockchain & Digital Assets](#)
- [Stellar Open Protocol Discussion April 2021](#)
- [Lendit USA - The Paradigm Shift That We All Know is Coming: Digital Currencies](#)
- [Ecosystem Panel: Plug Into the World of Stellar Assets](#)
- [Stellar Open Protocol Discussion May 2021](#)
- Consensus 2021
- [UC San Diego Webinar: Cryptocurrency and Central Bank Digital Currency](#)
- [Payments Canada Summit Panel](#)
- [Stellar Open Protocol Discussion June 2021](#)
- [Parliamentary Intelligence Security Forum - Panama City](#)

II Network Stats

To measure and assess growth of the network over time, SDF has established a select group of metrics to track throughout 2021 and compare year-over-year to their 2020 equivalents: total accounts, total payments, average daily decentralized exchange (DEX) volume, and total operations processed.

On all measures compared YoY (Q2 2020 to Q2 2021), the Stellar network saw significant growth. Total accounts (see figure 1) grew by 20% YoY, passing the 5 million mark in the first half of 2021. The number of total payments grew by 159% YoY, with 34.2 million payments made in Q2 2021 compared to 13.2 million in Q2 2020 (see figure 2). Average daily volume on Stellar's decentralized exchange (DEX) surpassed 7.5 million XLM per day (see figure 3).

Total operations processed on the network continues to be one of the largest growth areas, surpassing 430 million in Q2 2021 alone (+173.2% YoY, see figure 4). The continued acceleration in processed operations puts Stellar on track to outpace 1 billion transactions per year.

Figure 1. Total Accounts YoY

June 30, 2020 v. June 30, 2021

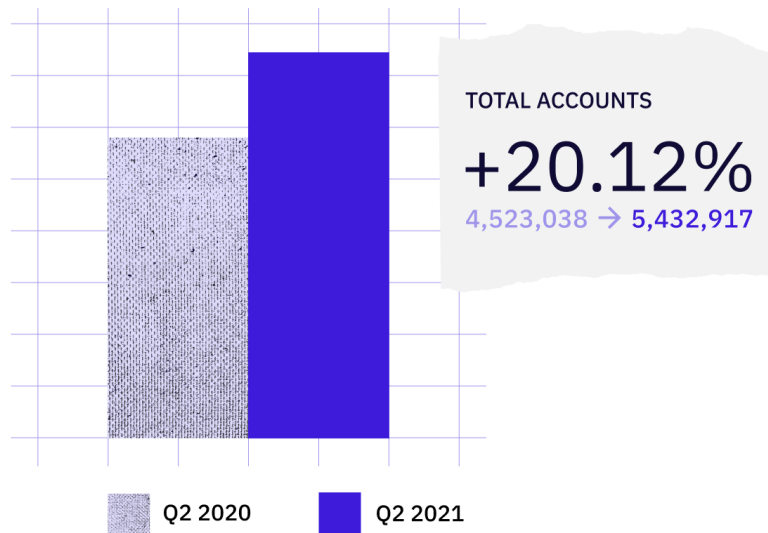


Figure 2. Total Payments YoY

April 1 to June 30 2020 v. April 1 to June 30, 2021

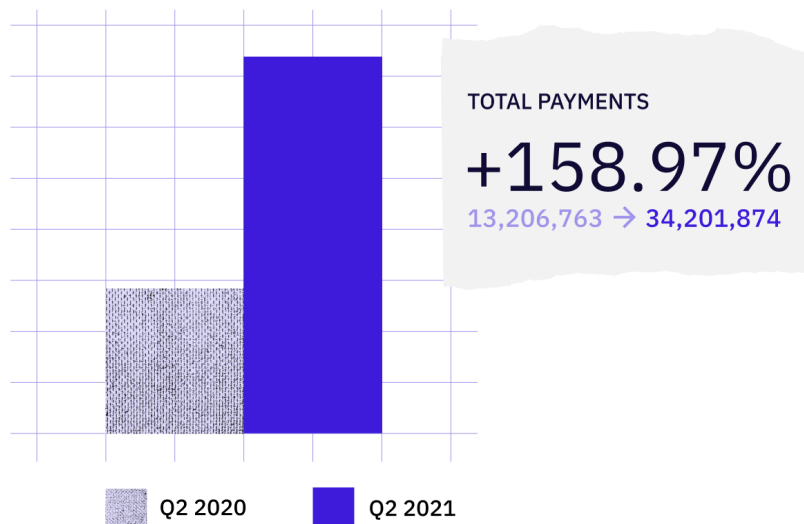


Figure 3. Average Daily DEX Volume YoY

April 1 to June 30 2020 v. April 1 to June 30, 2021

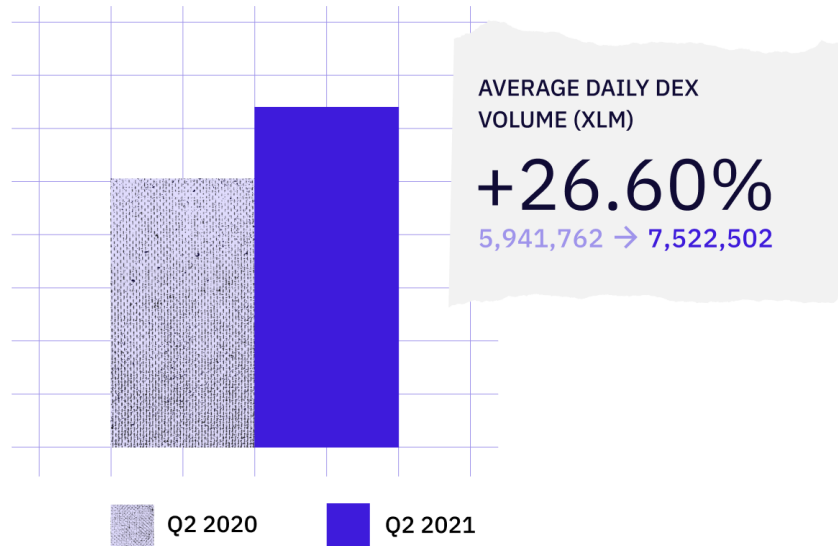
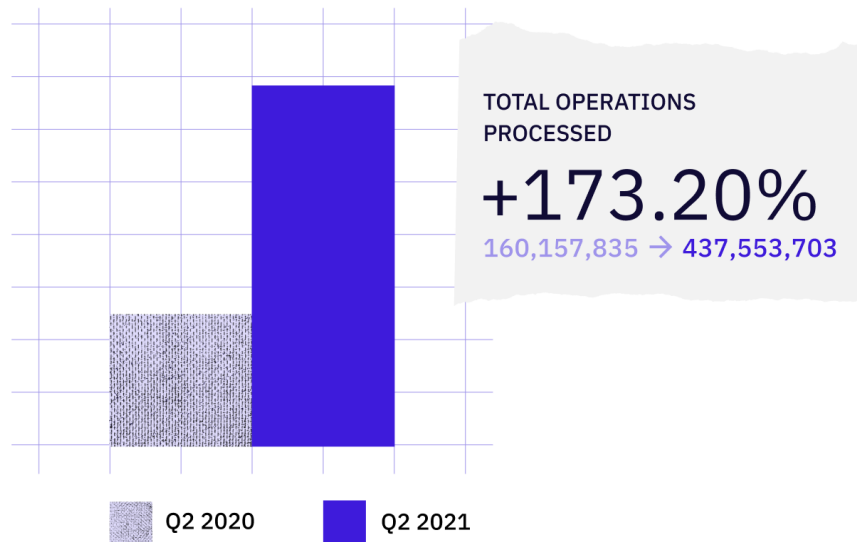


Figure 4. Total Operations Processed YoY

April 1 to June 30 2020 v. April 1 to June 30, 2021



Relevant Assets

The above metrics serve as indicators of general usage of the network, while the following metrics look at relevant assets, which serve as indicators of how the network is being used. Usage of relevant assets answer the question of how well Stellar is moving towards connecting global financial systems. SDF defines a relevant asset as an asset tethered to a real financial instrument. When SDF measured the number of relevant assets in Q2 of 2020, the total number of these assets stood at 52 with transaction volume for the quarter amounting to \$36.9M. As of Q2 2021, the total number of relevant assets has increased YoY (up to 82 assets as of June 30, see figure 5) and the on-network transaction volume of relevant assets grew by almost 760% YoY (see figure 6).

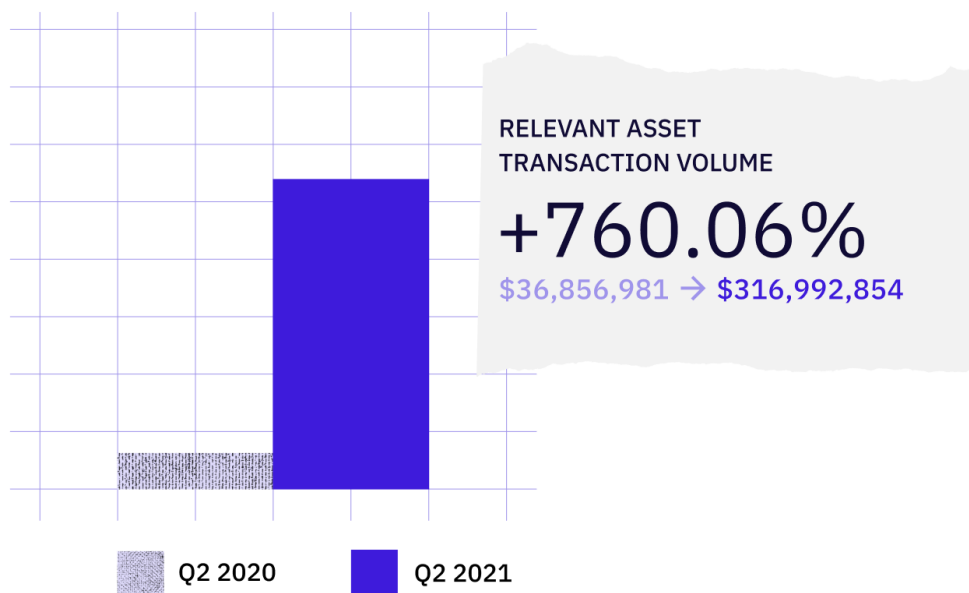
Figure 5. Relevant Assets YoY

June 30, 2020 v. June 30, 2021



Figure 6. Relevant Asset Transaction Volume YoY

April 1 to June 30 2020 v. April 1 to June 30, 2021



Nodes & Decentralization

Given the important role decentralization plays in the health and success of the network, SDF will continue to include the total number of nodes and validator nodes, including the average ledger close times completed by the network, in its quarterly reports through 2021.

The decentralization of the network (see figure 7 & 8) is consistent with last fiscal year — accounting for the same number of Tier 1 validator nodes and a slight increase in total nodes. Average ledger close time continues to clock in between 5 to 6 seconds (see figure 9).

Figure 7.
Total Nodes

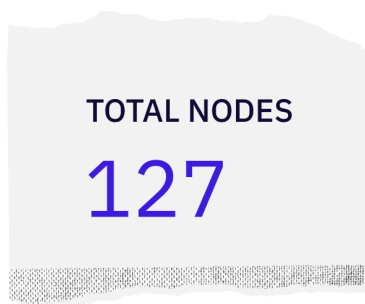


Figure 8.
Validator Nodes



Figure 9.
Average Ledger Close Time



III Network Development and Updates

General Engineering & Platform Updates

SDF's engineering team delivered updated tools and documentation during Q2 in addition to developing infrastructure for future releases, including:

- The soft release of a brand new [demo wallet](#)
- A published draft of [SEP-38](#) (Anchor RFQ API). This SEP will enable anchors to provide quotes for assets that can be referenced within the context of existing Stellar Ecosystem Proposals



- Added tooling and infrastructure following deprecated support for Ubuntu 16.04, allowing SDF to support all future [Ubuntu LTS releases](#) for Stellar infrastructure as they are announced by Canonical

Vibrant Updates

Vibrant, a wallet app developed on Stellar by a team at Sunship, Inc., a subsidiary of the Stellar Development Foundation, helps Argentines protect themselves from hyperinflation with USDC. Over the past quarter, the team has implemented:

- In-app deposit/withdraw with SEP-6
- Simpler, faster account setup
- More competitive buy/sell rates for USDC in partnership with the Settle Network
- Improved KYC UX and approval times in partnership with the Settle Network
- A [Vibrant blog](#) with Spanish content

Horizon Updates

The focus for Horizon this quarter was to bolster performance, which led to:

- Adding full support for Protocol 17 (clawback) and filling out support for claimable balances (Protocol 15)
- Adding support for muxed accounts, which allow much more robust payments for custodial services that use a single Stellar deposit address
- Improving Horizon DB performance and supporting replicated DBs with consistency guarantees, allowing for very large scale Horizon instances
- Releasing Version 2.0 of the [ingestion library](#), the same engine that does the heavy lifting for Horizon itself, so that building custom solutions that talk directly to the blockchain becomes easier

This quarter, SDF's Core team made changes to support Protocol 17 and to help with the stability and performance of Captive Core. Other notable updates include stability improvements (Protocol 16), since it was discovered on the public network that certain nodes could get corrupted and halt.



Protocol Updates

This quarter, there were two Protocol upgrades, which is a first for Stellar.

Protocol 16 fixed an issue that caused several network nodes, including SDF's validators and Horizon instance, to temporarily go offline. While the network itself did not experience any downtime — it's resilient and decentralized, with enough participants to process and ratify transactions even without SDF's validators — restoring service to affected nodes required a full network upgrade.

What was remarkable about Protocol 16 was the speed at which it was deployed and accepted by the network. Every protocol upgrade requires widespread collaboration and cooperation. In this case, SDF engineers worked with the ecosystem to implement and release the software, and to coordinate the validator vote to upgrade the network in record time. The experience proved that Stellar is agile enough to respond quickly to potential problems, even when doing so requires the participation of businesses and developers all over the world.

Protocol 17 introduced a new feature to Stellar: asset clawback. It was developed in collaboration with [Securrency](#), an ecosystem company that, according to their [website](#), "harnesses the power of blockchain technology to automate compliance, streamline financial transactions, and interconnect markets with open, universal, and interoperable infrastructure."

Asset clawback is designed to make it easier for businesses to issue regulated financial instruments (such as money market funds, bonds, and equities) on Stellar. To comply with securities regulatory requirements in many jurisdictions, these issuers must demonstrate the ability to revoke assets in certain situations, and this new feature allows them to do that.

To enable asset clawback, Protocol 17 introduces a new account flag, new trustline and claimable balance flags, and new operations to take advantage of those flags. When the



right account flags are set, an issuer can claw back a full/partial balance or a claimable balance, and can set and clear trustline flags as necessary.

Issuers of clawback-enabled assets can take advantage of the feature to:

- Recover assets that have been fraudulently obtained
- Respond to regulatory actions
- Enable identity-proofed persons to recover an asset in the event of loss of key custody or theft

Clawback doesn't affect existing assets, balances, or accounts; rather, it paves the way for a whole new class of Stellar asset. SDF is excited to see how businesses take advantage of the new feature to extend the network's reach, and to further provide equitable access to the world's financial infrastructure.

Latest Stellar Ecosystem Proposals (SEPs) and Core Advancement Protocols (CAPs)

Stellar Ecosystem Proposals are specifications allowing ecosystem participants to build extra-network infrastructure so they can interoperate easily to facilitate multi-party transactions. Core Advancement Proposals are technical suggestions for changing the protocol itself to expand Stellar's functionality to meet ecosystem needs. Together, they are a good indication not only of where Stellar is now, but also of where it's headed next.

In Q2 2021, there was notable progress on both fronts. Improvements and advancements made to SEPs and CAPS over the past few months laid the groundwork for payment channels and user-friendly pooled accounts — both of which support the robustness and usability of Stellar — and for improving overall network liquidity, which is crucial to fostering sustainable cross-border payment use cases:

- First-class multiplexed accounts (AKA muxed accounts), which make it easier for businesses to map a single pooled Stellar account to multiple users, were introduced to the network in [Protocol 13](#). However, there's still a lot of coordination to do before the ecosystem can take advantage of them: Horizon, the Stellar SDKs, and Stellar-based applications including block explorers, wallets, and exchanges need to update their code to ensure compatibility. To aid them in that process and facilitate

interoperability, [SEP-23](#) (Muxed Account Strkeys), defines a standard method for handling muxed accounts. This quarter, it was completed and marked “Active,” laying the groundwork for ecosystem-wide collaboration to support this new feature and extend the robustness and usability of Stellar.

- There were also major improvements to a [SEP-38](#) (Anchor RFQ API), which defines a protocol for creating uniform request-for-quote (RFQ) APIs. It is still a draft, but will allow anchors to provide price quotes to counterparties so that they can easily accept off-chain assets in exchange for different on-chain assets, and vice versa. The goal of the SEP is to improve liquidity on the decentralized exchange by creating greater market depth and tighter spreads between trading pairs.
- The big news of the quarter was the acceptance of [CAP-38](#) (Automated Market Makers). Its goal is to improve overall network liquidity by introducing Automated Market Makers (AMMs) to the protocol. If and when it is implemented in the next version of the protocol and accepted by validators (remember: all major network upgrades require validator consent), it will allow developers to create liquidity pools on Stellar, and enable users to deposit capital into and withdraw capital from those pools. AMMs can supplement the liquidity currently provided by Stellar's built-in order books and, based on what has occurred on other decentralized networks, have the potential to turn market making into an accessible, simple, and inclusive process.
- There was also significant progress made on the draft of [CAP-21](#) (Generalized Transaction Preconditions). The proposal suggests some technical changes that generalize transaction preconditions, which can make managing sequence numbers easier and allow the addition of things like relative timelocks. Those changes pave the way for creating payment channels on top of Stellar, which can significantly improve network throughput.

IV Ecosystem and Partners

CBDC Traction in Ukraine

SDF formed a partnership with the Ministry of Digital Transformation of Ukraine in January 2021 to support developing a national virtual asset strategy. Following some intense collaboration in the beginning of the year, both entities were able achieve important milestones this quarter:



- Participated in the Ukrainian National Bank's [survey](#) on CBDC monetary models.
- Direct assistance to the Ministry of Digital Transformation working group regarding the strategic development of virtual assets in Ukraine.
- A two-day [conference](#) for all financial institutions in Ukraine about digital currencies and its capabilities.
- SDF membership in the [Association of Ukrainian Banks](#) and qualification as an independent advisor to the 45 current financial institutions members.
- Engagement with banks in Ukraine via ecosystem partner [Bitt](#) to start digital-asset projects and proof-of-concepts addressing the specific needs of such entities.
- Legislation [passed](#) in Ukraine that would make their CBDC functionally similar to cash and bank accounts.

[Doubling Down on Stellar USDC](#)

This past quarter was a period of growth for Stellar's enterprise ecosystem. With USDC gaining [traction on Stellar](#) as a highly liquid and trusted asset, SDF has focused on ensuring there is a robust ecosystem around that asset, including applications and anchors that drive use cases, exchanges that provide liquidity, custodians that enable holding the asset with enterprise grade security, and capital providers that make more USDC available. SDF has made significant progress, with [BitGo](#) announcing support for custodying Stellar USDC, [Liquid](#) signing to offer trading pairs across Asia and other markets, and [Stably](#), [FinClusive](#), [Tempo](#), [Flutterwave](#), and other ecosystem partners ramping up volumes around cross-border payments and financial access. There has been over \$300M in USDC payments (independent of trading volume) on the network in Q2, showcasing Stellar's potential to bring an asset into its ecosystem to power real world use cases.

That said, this effort is just getting started. Over the next quarter, SDF expects to double down on this momentum, building more of an ecosystem around USDC to enable equitable access to financial services and partner growth. We are also actively seeking other tier one stablecoin issuers.



Enterprise Fund Update

For 2021, SDF's roadmap outlines the goal of investing in one company per quarter through the [Stellar Enterprise Fund](#). For Q2, the Stellar Enterprise Fund surpassed its quarterly goal with two investments:

- [Tribal Credit](#), a \$3M investment in their Series A to support Tribal's development of blockchain products and services built on Stellar, with a focus on increasing access to financial services in emerging markets like Latin America.
- [Airtm](#), a \$15M Series B investment to help drive digital transformation in Latin America and support expansion of Airtm's blockchain-based payments platform for multi-currency transactions.

These investments total \$18M made in Q2 2021, bringing the Enterprise Fund's investment total to \$24.5M YTD. SDF is currently on track to meet its Q3 investment goal.

In addition to the Enterprise Fund's investments, the Fund's portfolio companies have been making significant strides on product development and research:

- [Wyre](#) launched a Savings API product powered by Stellar, enabling any wallet or fintech application to offer customers yield on USDC with one easy integration.
- [SatoshiPay](#) was awarded [a research and development grant](#) by SDF and began work on Pendulum Network, a cross-chain bridge on which smart contracts can be developed and executed.

Partner Spotlight: FinClusive and Wyre

[FinClusive](#) has been on the Stellar network for over a year as a Stellar "[anchor](#)", providing [compliance](#) and on/off ramp services for partners who want access to the US market. The launch of USDC presented new opportunities for FinClusive, as with a highly liquid asset they could provide more competitive spreads in more markets. As a result, they expanded their reach, linking up with additional anchors in Mexico and Africa to enable cross border flows and seeing significant increases in volume. They have also been able to help clients use USDC as a bridge asset between various other stablecoins and fiat currencies, opening up even more opportunities. This is a prime example of a partner



using a Stellar asset to enable services quickly and efficiently, seize on network effects, and thrive as a business.

[Wyre](#) is another anchor which made significant progress this past quarter. With the launch of its [Savings API](#), Wyre now enables any wallet or fintech application to offer customers yield on USDC with one easy integration. This is significant as fiat yields in markets like the US remain close to zero, and the plethora of fintech apps over launched the past few years seek to differentiate themselves to a new set of customers who are mobile first. This also enables fintech apps to take advantage of the yields they may have heard about within the crypto ecosystem without needing to learn about “DeFi” or taking significant positions themselves. SDF welcomes this as a complement to other yield-bearing opportunities on the network, including [UltraStellar’s yXLM](#) and [yUSDC](#).

Community Development

Stellar is home to a motivated community of startups, developers, and enthusiasts working together to build the future of finance. There is a vibrant ecosystem of community-run channels and projects that help support the network.

For instance, Stellar Global, an independent hub for general, regional, and developer-focused discussions, continued to thrive, grow, and diversify this quarter. The #stellar-africa channel in the [Stellar Global Discord server](#) alone saw thousands of posts highlighting Stellar's potential to have a real-world impact, and volunteers from the community translated the [Stellar Global website](#) into five different languages. In addition, [Litemint launched an NFT marketplace](#) built on Stellar. Even in beta, the Litemint NFT marketplace is home to more than [330 artists and 65,000 pieces of art](#).

To support and grow the community, SDF also coordinates initiatives to educate people about Stellar and help them kickstart Stellar-based projects. This quarter, SDF sponsored three hackathons focused on encouraging new development. Encode Club's [Hack the System](#) concluded by awarding three new Stellar-based projects with lumen grants; Encode Club's [Hack Africa](#) and the Minority Programmers Association's [DeFi Summer Hackathon](#) are both currently accepting submissions.

SDF also continued to give the greater Stellar community input into distributing lumen grants via the Stellar Community Fund. At the beginning of the quarter, the SCF Seed Fund round wrapped by awarding 8 projects a total of 5M XLM, and in late June, a [new SCF round opened](#). Over 40 projects have already applied!

Finally, SDF engaged and grew the community by releasing [Stellar Quest Series 3](#), a hands-on set of challenges that encourages newcomers and old hands alike to roll up their sleeves and learn by doing. This series surpassed all expectations — over 1,500 developers completed challenges — and a dedicated group of Stellar Questers continues to convene on a [dedicated Discord server](#) to collaborate, provide support, and share ideas about what to do next.

V Visibility & Engagement

Marketing and Communications

Q2 2021 saw SDF's marketing efforts drive further awareness of Stellar within, and beyond, the blockchain space. This is no better illustrated than the range of events and conferences in which SDF participated. Denelle Dixon was a keynote speaker at Coindesk's Consensus event, which is one of the blockchain industry's largest forums, as well as having participated in a University of California at San Diego panel covering [Cryptocurrency and Central Bank Digital Currency](#) alongside Jim Cunha, head of the US Federal Reserve CBDC project, and Josh Lipsky, Director of the Atlantic Council GeoEconomics Center. Expanding into the broader fintech landscape, Denelle also spoke during the Paris Fintech Forum and the Lendit USA conference. All told, SDF spoke at 11 events during Q2.

On the newsfront, SDF continued with a series of announcements during Q2:

- 2 Enterprise Fund investments in [Airtm](#) and [Tribal](#) were both supported by press outreach.
- [Stably launched its integration with Stellar](#), supporting USDC and USDS deposits and withdrawals.



- The collaboration among Tala, Visa, Circle and Stellar to help underbanked populations received [widespread media coverage](#).
- SDF's annual [Meridian conference](#) was announced for November 17th-18th, 2021. This year's theme is Build Locally, Impact Globally.

SDF also expanded its content outreach across a range of outlets, including:

- An appearance on [David Pakman's show](#), discussing the future of money;
- An extended interview on [Bloomberg Business Reporter](#);
- Multiple placements on PYMNTS, such as this [interview with Lisa Nestor](#), Senior Director, Ecosystem;
- An [interview with Karen Chang](#), VP of Engineering, in Gemini's 'Women in Crypto' series;
- An appearance on [Coindesk's Money Reimagined Podcast](#) to discuss interoperability;
- A piece for the World Economic Forum (WEF) authored by Denlle on ["How blockchain is fixing payments today and what comes next"](#), as well as having participated in WEF's Global Future Council's authoring and [webinar](#) on "Cryptocurrencies: A Guide to Getting Started"

SDF continued to see growth across its digital channels, highlighted by more than +10% growth in website traffic and +7% growth in page views.

Policy

As the weather heats up, so too has US Congressional attention to blockchain. June featured four blockchain-centric hearings covering CBDCs, sanctions compliance, and recent price volatility. At least three more blockchain-related hearings are scheduled for July. SDF's policy team took advantage of this burst of policymaker interest by conducting a flurry of meetings with key offices on the House Financial Services and Senate Banking Committees. SDF also met with representatives of the U.S. National Security Council and USAID.

To further the strategic pillar to "be the blockchain people know and trust," SDF continues to build out policy resources and capabilities. In Q2, SDF was thrilled to: 1) welcome Gabriel Bizama as our International Policy Lead who will focus on CBDC and



multilateral organizations, and 2) onboard Mindset, a premier strategy and consulting firm that will significantly increase SDF's visibility and reach in Washington, D.C.

In Q2, SDF's policy team deepened engagement with the Chamber of Digital Commerce and Global Blockchain Business Council while serving in leadership roles in the Blockchain Association and World Economic Forum. Specifically, Seth Hertlein, SDF Head of Policy & Government Relations, joined the leadership committee of the Chamber's Token Alliance; Seth and Tomer Weller, Head of Partnership Engineering, joined working groups of the GBBC's Global Standards Mapping Initiative 2.0; and Candace Kelly, General Counsel, presented to the GBBC Post Trade Distributed Ledger Group.

The policy team was also in the news. [Candace](#) and [Seth](#) each published an op-ed in CoinTelegraph advocating for a measured and cooperative approach to regulating blockchain and cryptocurrencies prioritizing public-private partnerships. Candace also spoke at the European Blockchain Convention on the future of finance and at a CoinDesk event entitled "[A Year for Regulatory Clarity](#)." Seth presented at the Parliamentary Intelligence Security Forum in Panama City on blockchain use in illicit finance.

VI Mandate and Distribution

Mandate Overview

SDF is a non-profit organization whose mission is to create equitable access to the global financial system. SDF has no shareholders, no dividends, and no profit motive. The Foundation is funded by some of the lumens generated by the Stellar protocol at inception. Today, SDF holds roughly 30 billion lumens, and all of those lumens will eventually be used to enhance and promote Stellar.

Live accounting of the addresses with those lumens and funds are available on SDF's [mandate page](#). SDF details exactly which ledger addresses hold those funds and exactly how those funds will contribute to Stellar's success. Anyone can observe progress towards SDF's stated goals, more or less in real time. Below is a summary of how lumens were allocated in Q2 of 2021.

Q2 Mandate Status

The below table summarizes SDF's use of lumens in the quarter.

Table 1. Lumen Distribution April 1 - June 30, 2021¹

Mandate Category	Wallet	Amount	Uses
Direct Development	Various	576,167,229	SDF Operations, Employee Grants
Ecosystem Support	Currency Support	7,451,391	RealtyBits, nToken, Biccós, ClickPesa, StableCorp, Stably, Liquid, JST, GMO, Settle Network
	Developer Support	7,011,491	SCF Grants, R&D Grants, Infrastructure Grants
User Acquisition	Enterprise Fund	39,791,072	Tribal and Airtm Investments
	Marketing Support	0	n/a
Use-Case Investment	In-App Distribution	17,000	Vibrant Distribution
	New Products	0	n/a

The table below reflects the ending balances in SDF's wallets as of July 1, 2021.

Table 2. SDF Account Balances as of July 1, 2021

Direct Development	Direct Development	2,424,631,999
	Jan 1 2021 Escrow	0
	Jan 1 2022 Escrow	3,000,000,003
	Jan 1 2023 Escrow	3,000,000,003
	Direct Development Hot Wallets ²	212,476,891
Ecosystem Support	Developer Support	919,158,646
	Developer Support Hot Wallets	7,645,040
	Currency Support	969,322,057
Use-Case Investment	New Products	2,000,000,001

¹ From time to time, SDF makes payments in dollars, and then later moves lumens from the relevant wallet into a Direct Development wallet. The amount of lumens is calculated using the price of lumens on the day of the dollar payment. This table compiles lumen distributions accrued in the quarter, even if the actual transfer occurred after the end of the quarter.

² SDF maintains multiple hot wallets, which in this chart are aggregated by category. A complete list of SDF accounts can be found on Stellar Expert ([https://stellar.expert/directory?tag\[\]=sdf](https://stellar.expert/directory?tag[]=sdf)) or on the SDF Mandate Page (<https://www.stellar.org/foundation/mandate>).

	Enterprise Fund	7,879,317,044
User Acquisition	In-App Distribution	3,921,999,179
	In-App Distribution (Hot)	4,670,501
	Marketing Support	1,999,473,619