TALOS

ANALYSIS

Canton Analyst Overview

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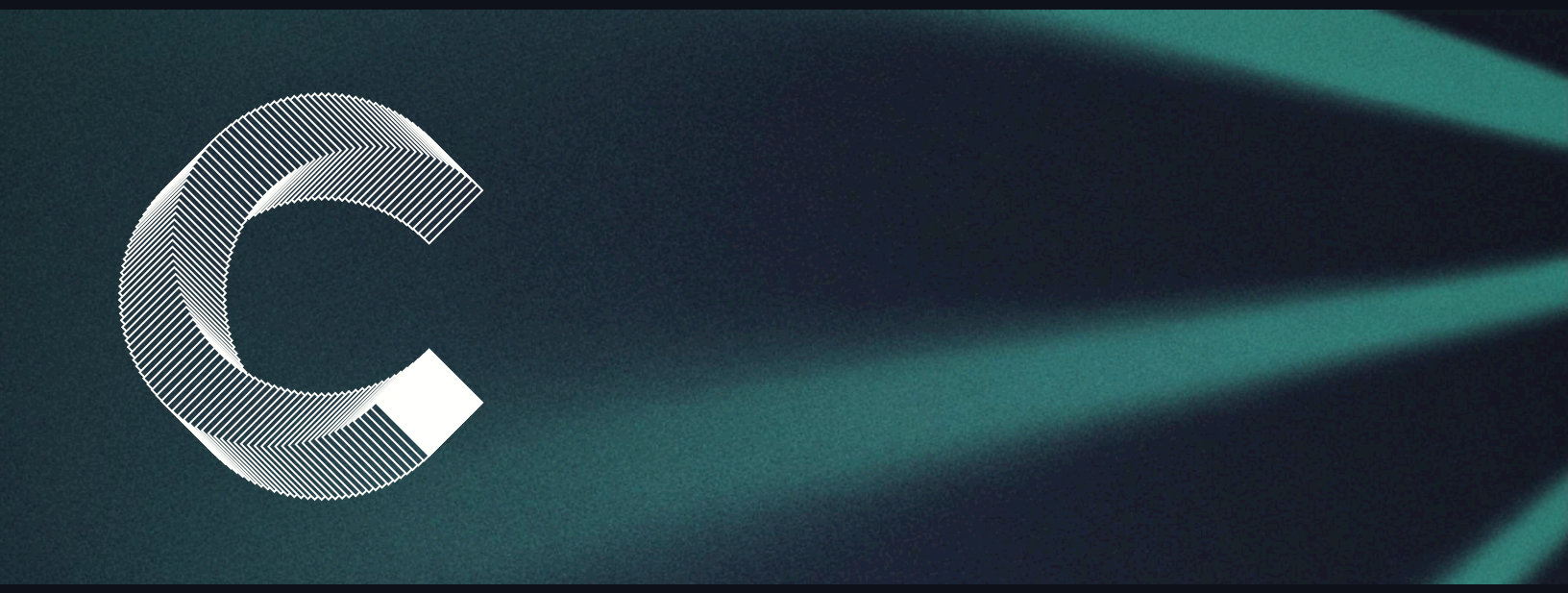
leveraging Coin Metrics Network Data



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SUMMARY

As regulated financial institutions and enterprises evaluate the feasibility of use-cases like on-chain stablecoin issuance, B2B payments and tokenization of real world assets (RWAs), they demand infrastructure that can cater to their current workflows and needs. Canton Network is a blockchain ecosystem that facilitates these use-cases with privacy, interoperability and fine-grained controls. As the native token of the ecosystem, Canton Coin (CC) aligns incentives across stakeholders like infrastructure operators and application providers, rewarding network usage and incentivizing sustainable growth.

This report provides an overview of the Canton Network and its native asset, Canton Coin (CC), showing how its tokenomics, supply issuance and fee mechanisms align incentives across participants and support a growing set of institutional financial use-cases.

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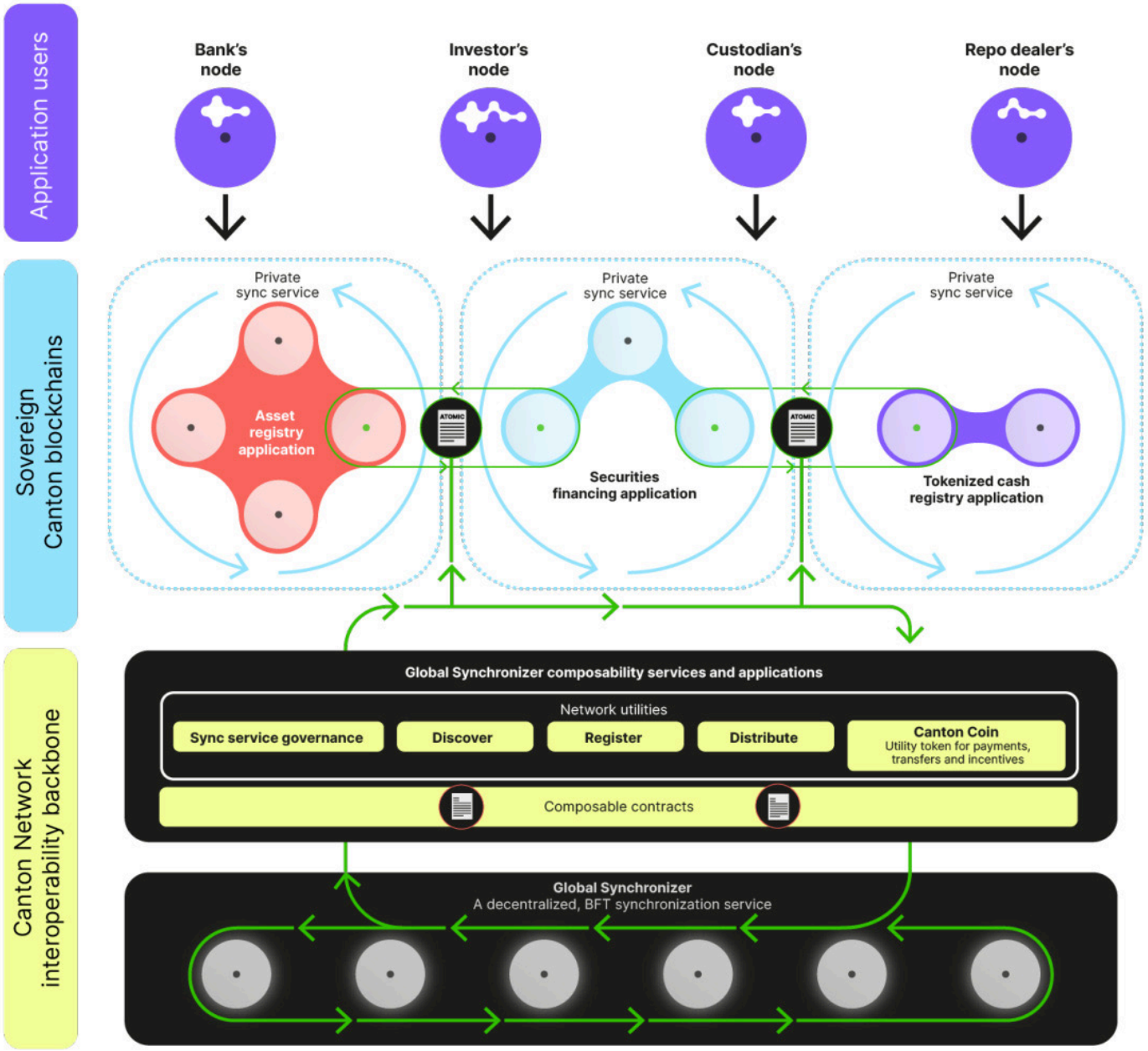
Canton Network: A Network of Networks

Developed by Digital Asset, Canton Network is a blockchain designed for institutional financial use-cases. It offers programmable privacy, allowing participants to retain data control while leveraging the efficiency and interoperability of blockchains. Canton is structured as a "network of networks", with a decentralized group of node operators, and applications that are independent yet interoperable. These ledgers (or participant nodes) are coordinated by the Canton protocol which functions as its synchronization layer - which application builders can use either in a private setup, or in the form of a public synchronizer like the Global Synchronizer, which operates as the interoperability backbone and uses Canton Coin (CC) as its native utility token.



Canton Architecture

Rather than a global ledger that is replicated across all nodes, Canton is structured as a collection of applications running on sovereign but interoperable ledgers. These applications are primarily written in the Daml programming language and can establish any level of permissioning required, and selectively share or connect data with other participants. This allows participants in the network, for example financial institutions, and application developers to have fine-grained control over privacy, and the parties they interact or transact with.

Interoperability: Private Synchronizers & The Global Synchronizer

Synchronizers are the coordination layer that provide transaction sequencing, and ordering for participant nodes in the Canton Network. The *Global Synchronizer* is a decentralized synchronizer that enables atomic transactions and interoperability across independently operated applications on the network.

Its infrastructure is operated and governed by a growing set of independent organizations called Super Validators and secured through BFT consensus. This provides a public infrastructure that can be connected to by ecosystem participants to compose and complete atomic transactions without giving up privacy or control, and with the assurance that no one organization has control over its operation.

This architecture also defines the roles of key network participants:

- **Validators** are Canton participant nodes that connect to the Global Synchronizer, running the validator software to participate in applications using the Global Synchronizer. Unlike other networks, validators in Canton are only active in transactions to which they are a party.
- **Super Validators** are independent infrastructure providers that collaborate to operate and govern the distributed Global Synchronizer, and participate in shared consensus for Canton Coin.
- **Applications** connect to chosen synchronizers depending on compliance, privacy, or performance needs, and generate network activity. Data is segmented and replicated only to those validators permissioned to view the data.

Together, these participants form a layered ecosystem in which validators participate in consensus for transactions that they are a party to, super validators operate and govern the Global Synchronizer, and applications deliver utility onto the network.

Canton Coin

Canton Coin (CC) is the *native utility token* of the Canton Network, serving as both the unit of transaction fees for the Global Synchronizer and the incentive mechanism that aligns *users*, *validators*, *super validators*, and *applications*. Early supply bootstrapped the network by compensating operators, while ongoing rewards now favor application development and user adoption.

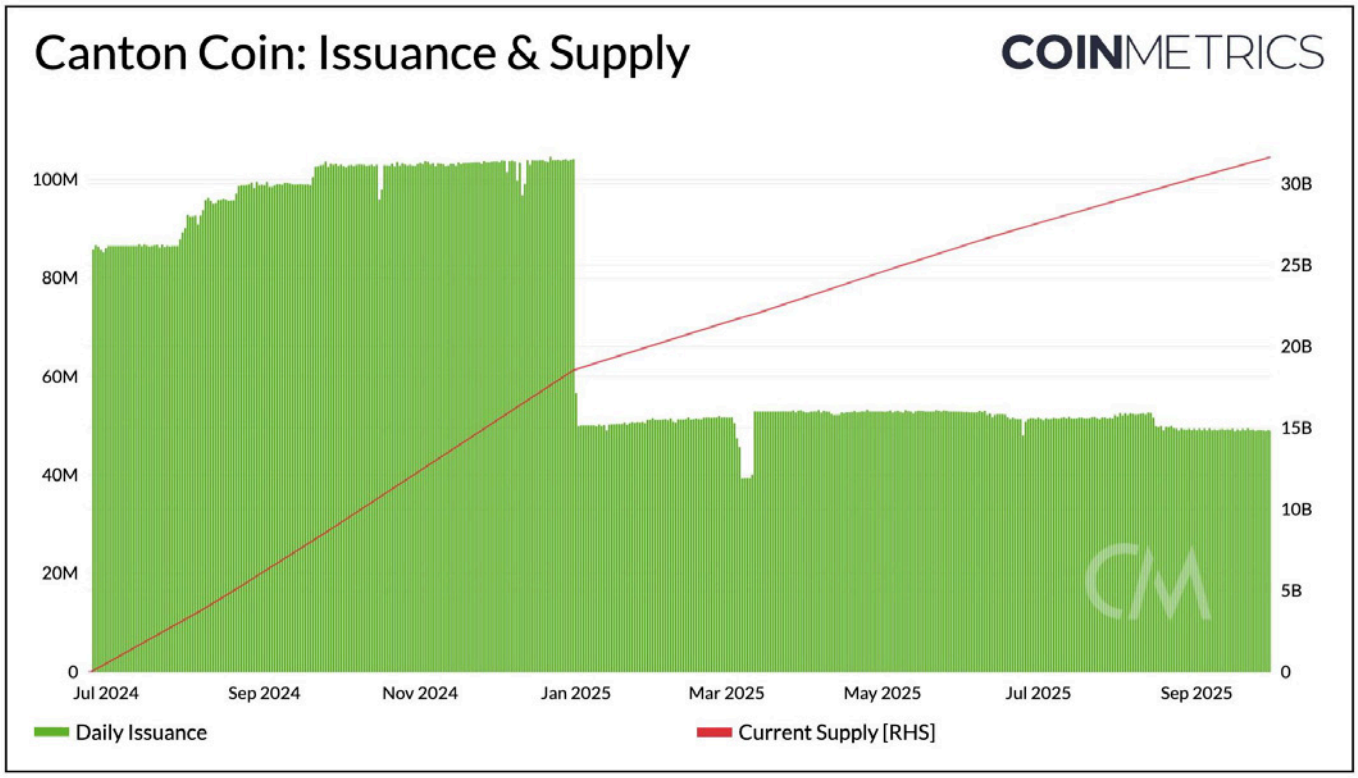
Canton Coin Tokenomics

Canton Coin (CC) underpins the incentive structure of the Canton Network. It is used to compensate validators and super validators, reward application developers, and provide the economic foundation for network interoperability. This is achieved with a combination of controlled issuance and burn–mint equilibrium model that keeps the tokenomics aligned with real network activity and long-term value creation.

Supply Issuance

Canton Coin has no pre-mine or pre-allocation. Instead, supply expands gradually through network rewards, issued every 10 minutes. Total supply is expected to ramp toward ~100B CC over ten years, after which new issuance stabilizes at approximately 2.5B coins annually. This controlled issuance schedule is designed to bootstrap the network in its early years, providing sufficient rewards to secure the operators and incentivize app growth.

Currently, the circulating supply of CC stands at 31.3B, with the network issuing ~50M coins per day at a daily inflation rate of ~0.14%. This rate of emission is set to gradually decline as issuance tapers and the burn mechanism removes a greater share of new coins.

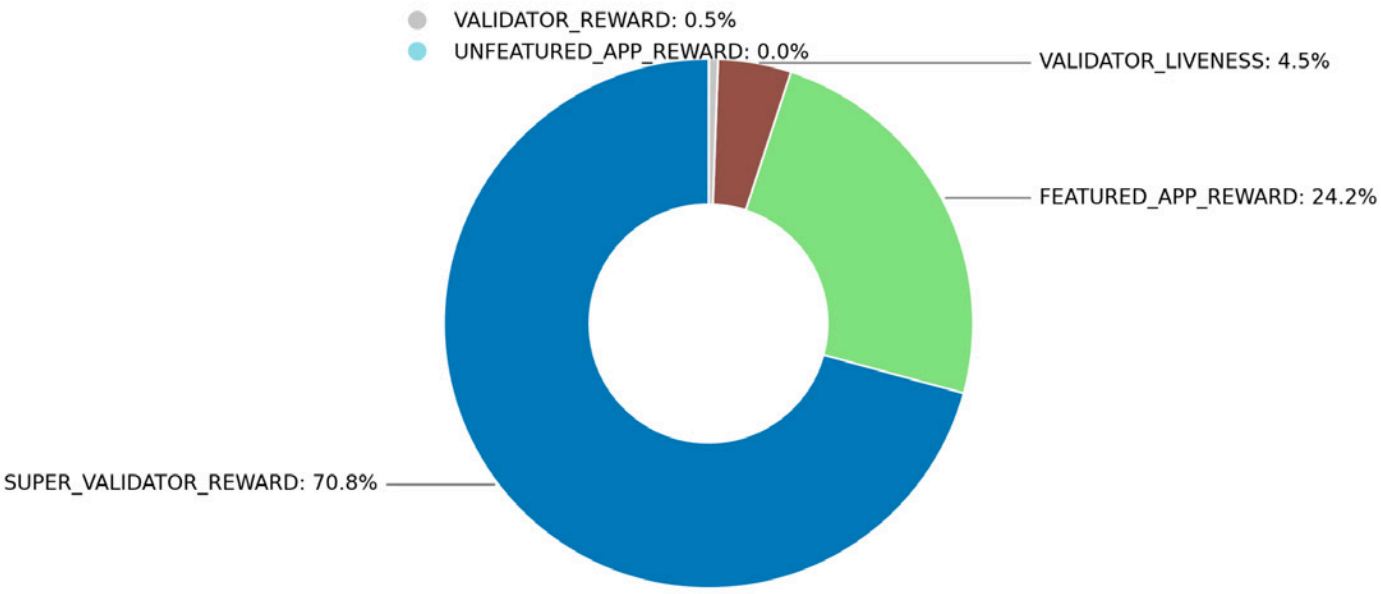


Source: *Coin Metrics Network Data Pro*

The table below breaks down the various categories of Canton Coin rewards eligible to be minted by participants.

Issuance & Rewards Breakdown:

CATEGORY	DESCRIPTION
Super Validator Reward	Rewards for operating the Global Synchronizer and securing cross-domain consensus.
Validator Liveness	Steady rewards that incentivize validators to remain online and reliable.
Validator Reward	Rewards for participating in apps on the Global Synchronizer.
Featured App Reward	Continuous rewards for app builders with higher allocation for the highest utility apps.
Unfeatured App Reward	Baseline rewards for the application ecosystem, encouraging app diversity.



Source: *Coin Metrics ATLAS*

Super validators currently receive the majority of the reward share for bootstrapping the network's security and operating the Global Synchronizer, while validators receive a smaller initial share for sync domain operations. There are currently 605 validators on the network, of which 35 are super validators including firms like Cumberland, Circle, and others.

Daily Super Validator Rewards

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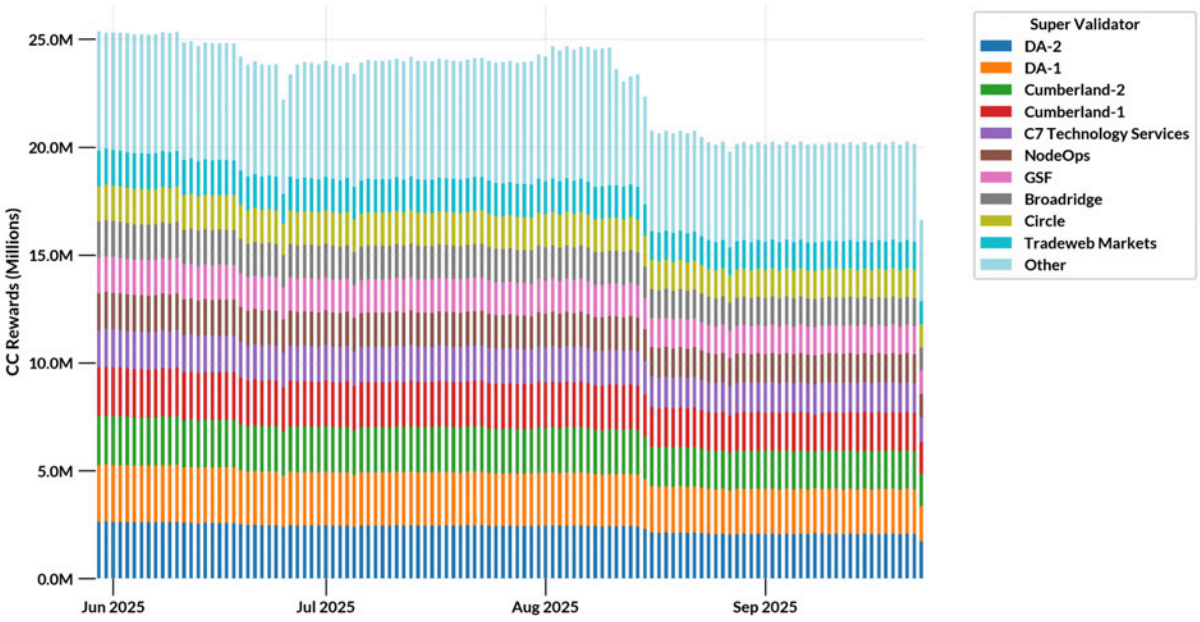

Source: *Coin Metrics ATLAS*

Featured applications currently receive around 24% of issuance to grow strategic use cases in the ecosystem, while application providers overall are eligible for roughly 40% of new rewards distributed in proportion to the transaction volume they generate. This share is set to rise sharply in 2026, marking a growing opportunity for applications as network activity expands.

Daily Featured App Rewards in Canton Coin

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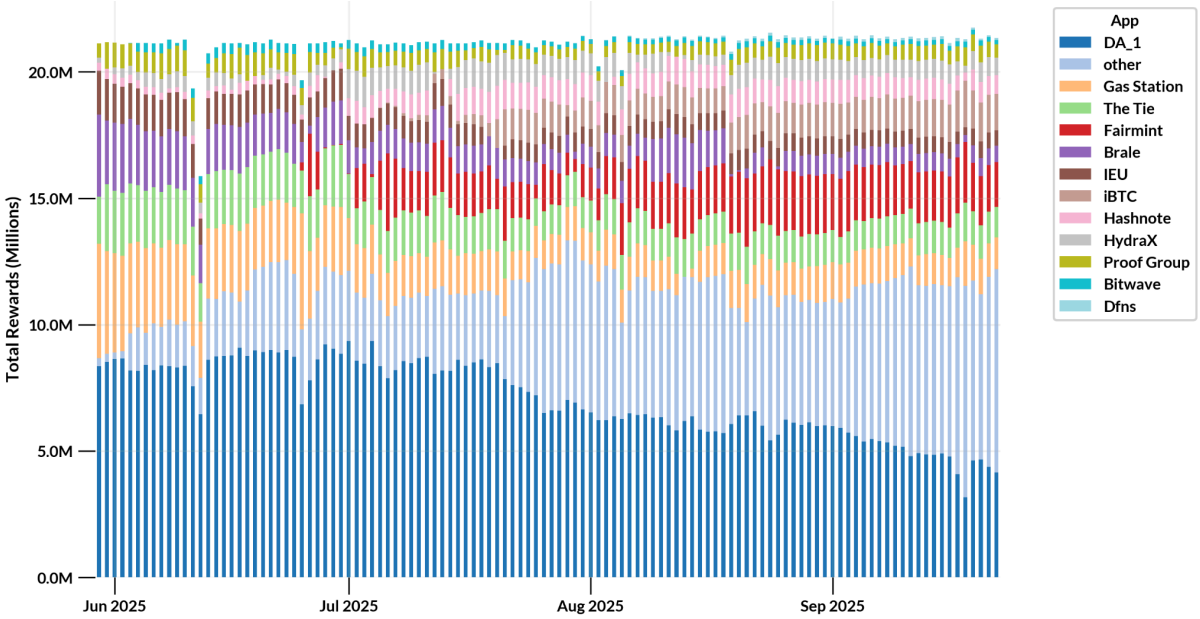
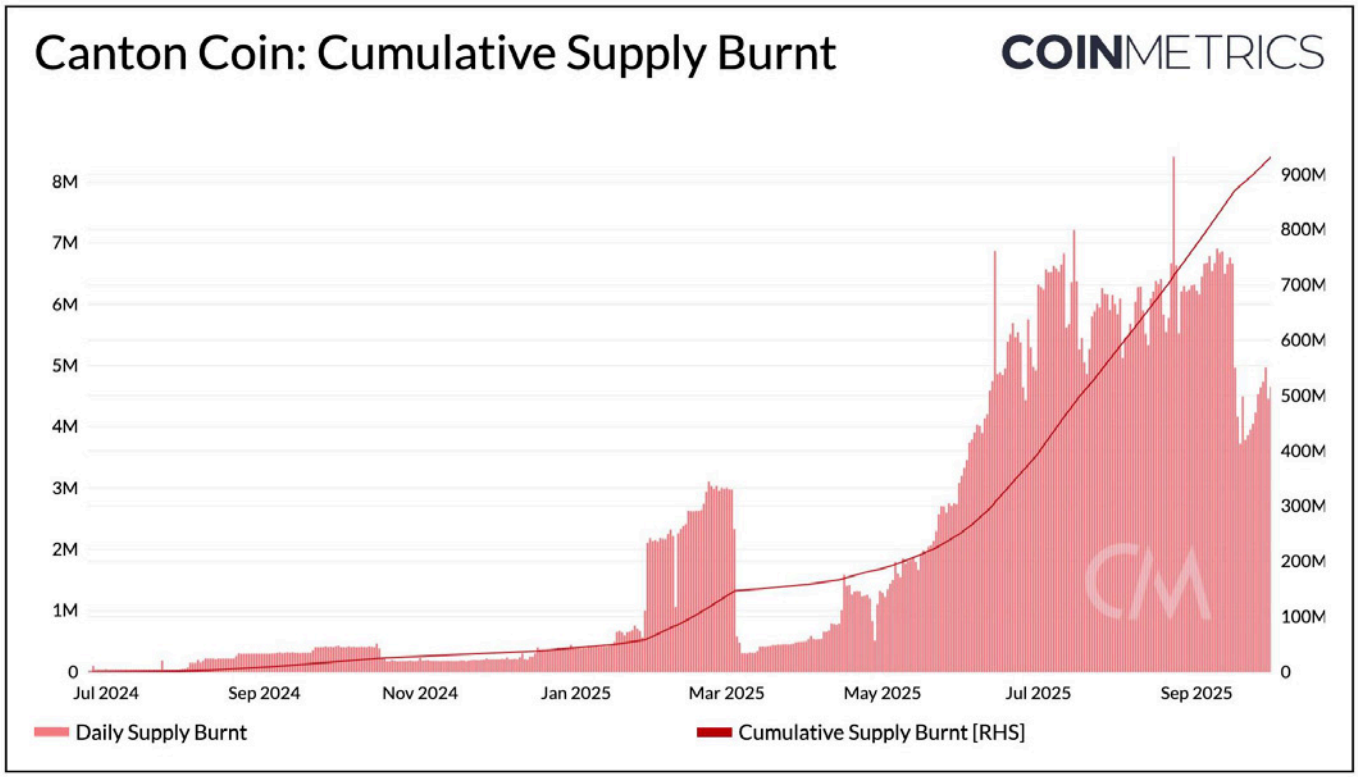


Source: *Coin Metrics ATLAS*

Fee Burn

Users on Canton Network use Canton Coin to pay fees denominated in USD to access applications and infrastructure services. All transaction fees paid in Canton Coin are burned and permanently removed from circulation. This burn mechanism helps offset inflation and creates a direct link between network activity and token scarcity. While this bears resemblance to other networks, fees on Canton are burned rather than a portion going to validators (in the case of Ethereum's EIP-1559 or Solana's fee burn). Therefore, growth of activity on the network can introduce a direct deflationary pressure on the token.



Source: *Coin Metrics Network Data Pro*

Since fees are denominated in USD, the amount of CC burned depends on its conversion rate, which is set each minting round by Super Validators. When activity increases, more CC is burned, reducing supply and typically leading the rate to adjust upwards. When activity decreases, less CC is burned, increasing supply and leading the rate to adjust downward. This mechanism helps tie CC's value to network usage, keeping fees stable in dollar terms.

So far, the network has generated 930M CC in fees, all of which have been burned. Currently, daily burn averages ~4.5M CC. Over time, the burn mechanism is expected to absorb roughly 2.5B CC annually, offsetting issuance and stabilizing total supply around the 100B target.

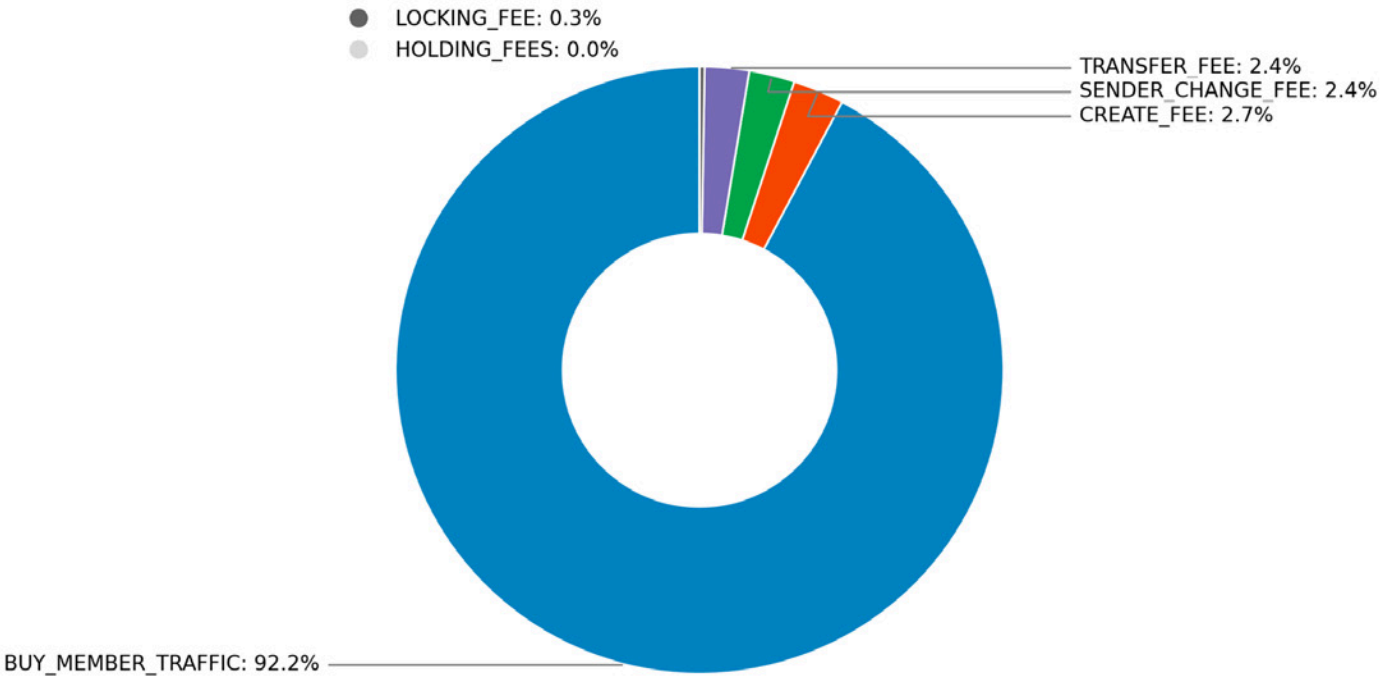
The table below breaks down the various types of fees incurred on the network.

Breakdown of Fee Types:

FEE TYPE	DESCRIPTION
Transfer Fee	Percentage-based fee based on the USD notional value of the transaction that scales regressively with the tx value.
Create Fee	Incurred when a new contract record or UTXO is instantiated.
Holding Fee	Ongoing charges for storing UTXOs. Incentivizes users to not leave stale balances.
Locking Fee	Applied to assets or contracts placed into restricted/locked states.
Sender Change Fee	Fee for altering the sender associated with a contract or object.
Synchronizer Traffic Fee	Traffic balance in megabytes based on USD/MB price (currently $60/MB), and is required for transactions to be sequenced by the Global Synchronizer. Participants can top-up balances using utilities like the Denex Gas Station.

Fees Breakdown

COINMETRICS



Source: *Coin Metrics ATLAS*

Canton Improvement Proposal to Adjust Fees

Recently, a Canton Improvement Proposal (CIP-0078) was implemented to eliminate create, transfer and locking fees, while refining how holding fees are applied. These categories make up 5.4% of all fees on the network, with a majority of burn being driven by traffic purchases rather than ordinary transfers of CC. This change makes transactions more cost-effective for users and application developers, but also marginally reduces the deflationary pressure on Canton Coin.

How Rewards Shift Across Network Participants

As the network matures, the amount and share of new issuance (rewards) will shift to align incentives with sustainable usage. Issuance of Canton Coin is scheduled to decline in native units over time with a new period occurring every six-months.

However, the share of those rewards will gradually move from bootstrapping super validators towards incentivizing application activity. This is designed such that applications will receive 50% of all Canton Coin rewards over the course of its issuance schedule, while validators continue to earn a smaller but steady share.

Canton Coin: Issuance Schedule (Native Units)

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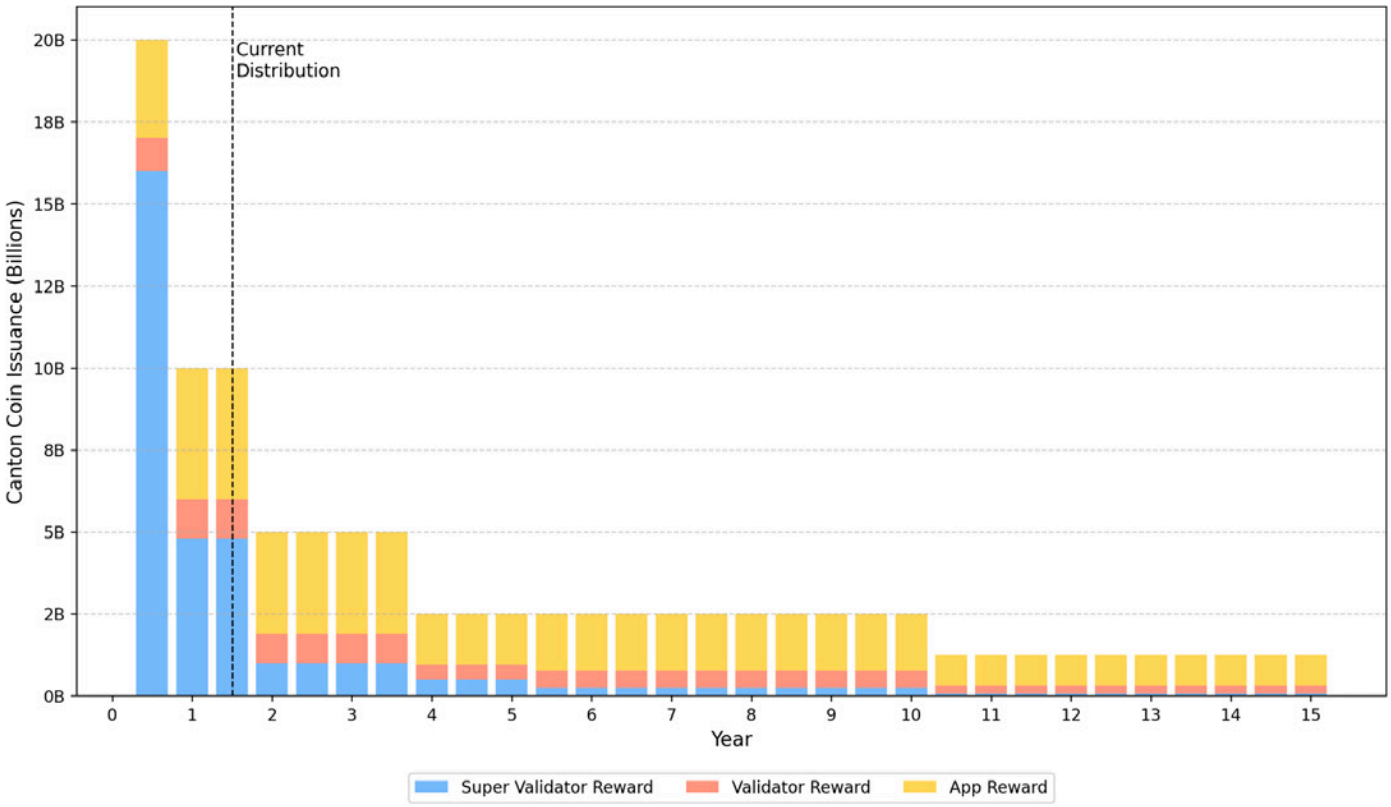

The table below captures how reward distribution progresses over time, with the economic opportunity shifting from network bootstrapping to application providers:

PERIOD	VALIDATORS	SUPER VALIDATORS	APPLICATION PROVIDERS
Current Distribution	12%	48%	40%
As of H1 2026 - H1 2029	18%	20%	62%

Canton Coin: Share of Issuance (%)

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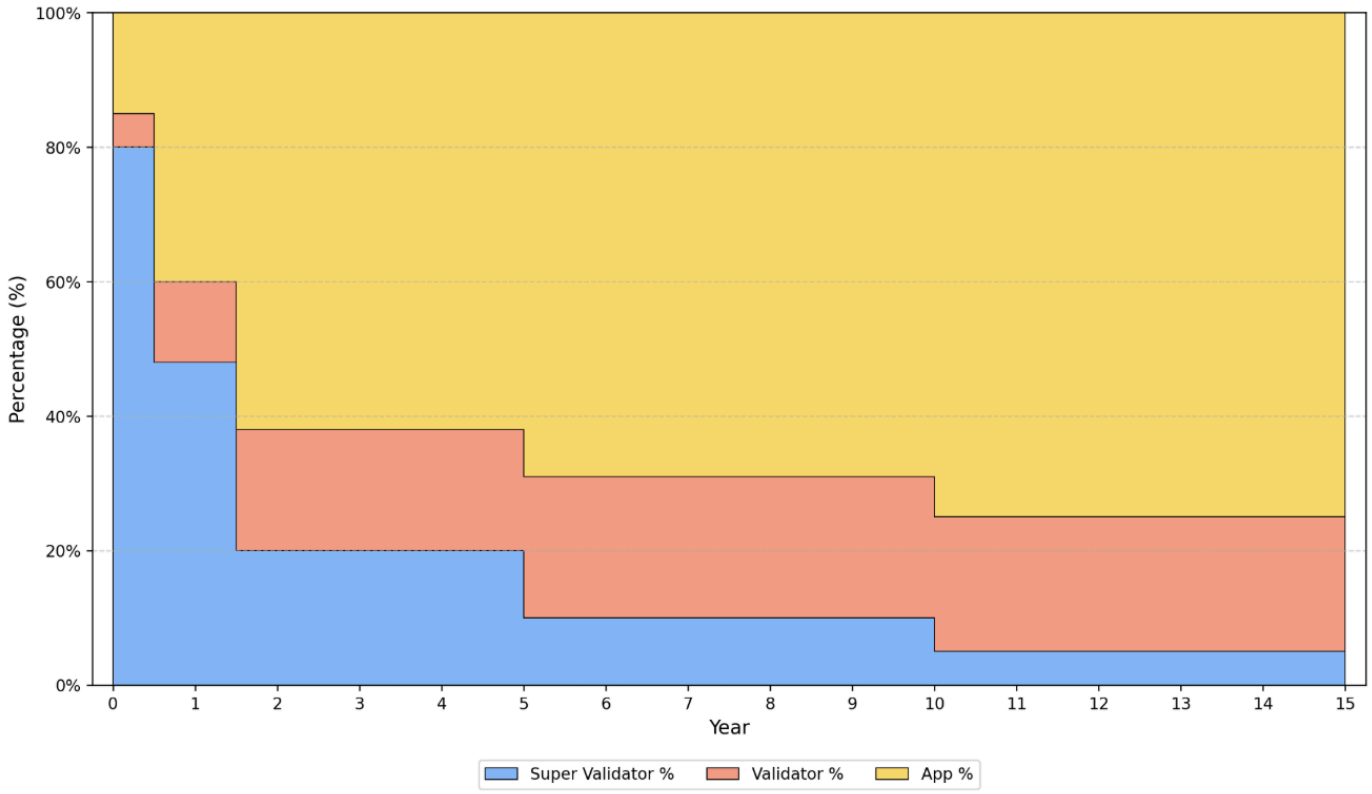

Source: *Canton Coin Whitepaper*

Institutional Adoption & Ecosystem

Canton Network's infrastructure has drawn interest from various financial institutions and industry players from custodians to investment banks and market infrastructure providers. The ecosystem now spans across use-cases like stablecoin issuance and payments, tokenization and mobility of collateral and other traditional financial workflows. Below are some of the use-cases on Canton and participating entities in the ecosystem currently driving adoption:

USE-CASE	PARTICIPATING COMPANIES	DESCRIPTION/EXAMPLE
Tokenization	DTCC, Euroclear, Hashnote, HSBC, Goldman Sachs, BNP Paribas	Bonds, tokenized treasuries and much more. High quality assets that can be used as collateral for lending, or to meet margin requirements. For example, a bank can provide tokenized U.S. treasuries as collateral to meet a margin call for a derivatives trade.
Stablecoin Issuance & Payments	Brale, Circle	Businesses and institutions issuing stablecoins fully backed by reserves. Enterprises use privacy-preserving stablecoins on Canton for B2B payments, treasury management, or FX settlements.
Derivatives/Collateral	FalconX, QCP, CBTC,	Tokenized bonds, wrapped Bitcoin or other assets as collateral for margin trading or bilateral agreements and real time settlement.
Data Services	Coin Metrics, Chainlink, Kaiko, Moody's	Canton participants can gain visibility and auditability into the network and the movement of Canton Coin across the Global Synchronizer, with data from different subnets accessible through oracle services.
Custody	BNY, Copper, Blockdaemon, Zodia Custody	Custody and asset tokenization services to support secure storage and management of digital assets.

Conclusion

Canton is well positioned to serve regulated financial use-cases by combining privacy, interoperability and a compliance oriented design. With an ecosystem that already spans custodians, banks and infrastructure providers, the network is demonstrating adoption across tokenization, collateral mobility and data services, among other use-cases.

As the connective tissue, Canton Coin aligns incentives across participants, bootstrapping the network's validators and encouraging activity. Its mint-and-burn mechanism links value directly to network usage while reinforcing long-term scarcity. Over time, the potential for CC to trade on public exchanges could bring added liquidity and exposure, but could also introduce market volatility. Long-term sustainability will depend on continued adoption while ensuring that incentives remain balanced as the network matures.

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