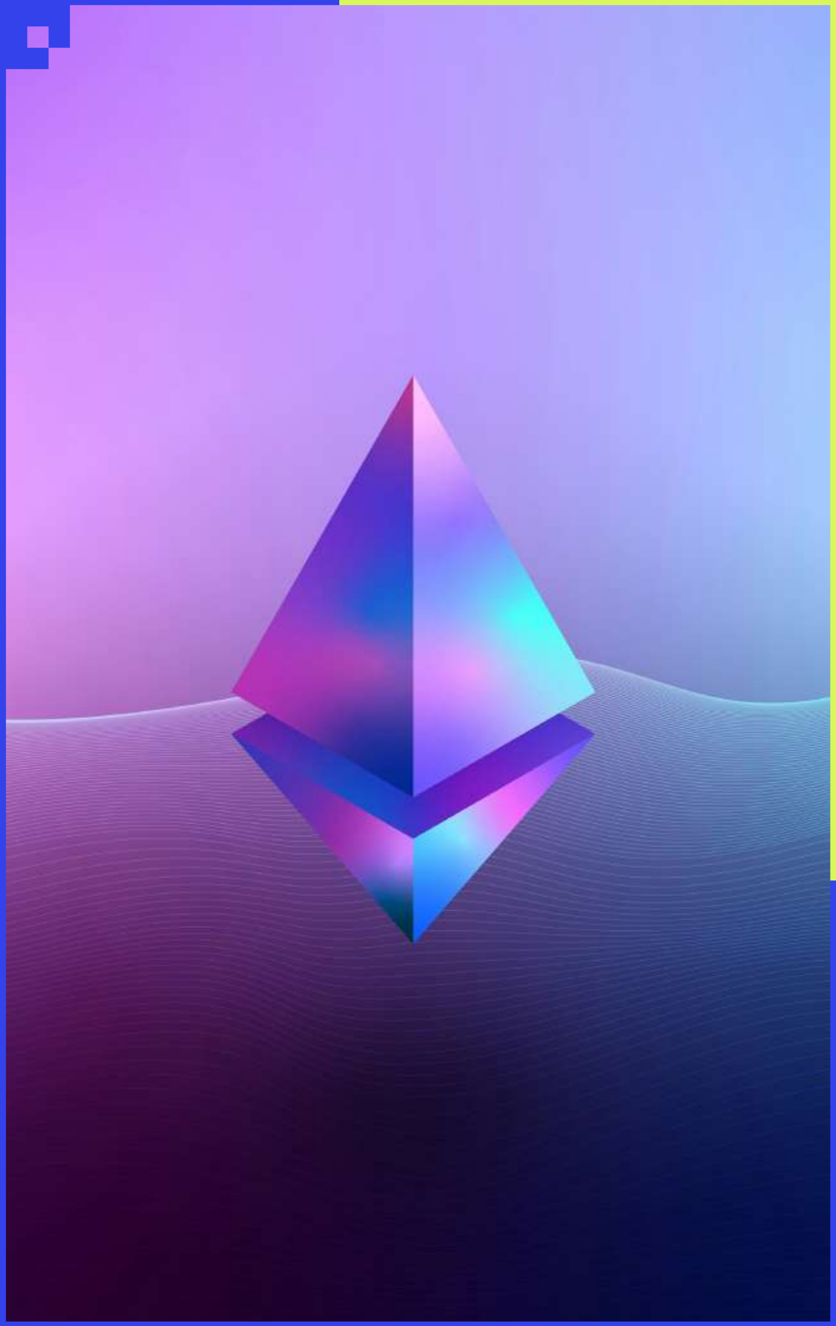

The Big Whale

The Ethereum Briefing

MASTERING THE ENGINE OF ONCHAIN FINANCE

July 2025

.summary

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News

KEY UPDATES FOR H1 2025

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【 ETHEREUM FOUNDATION REORGANIZATION 】

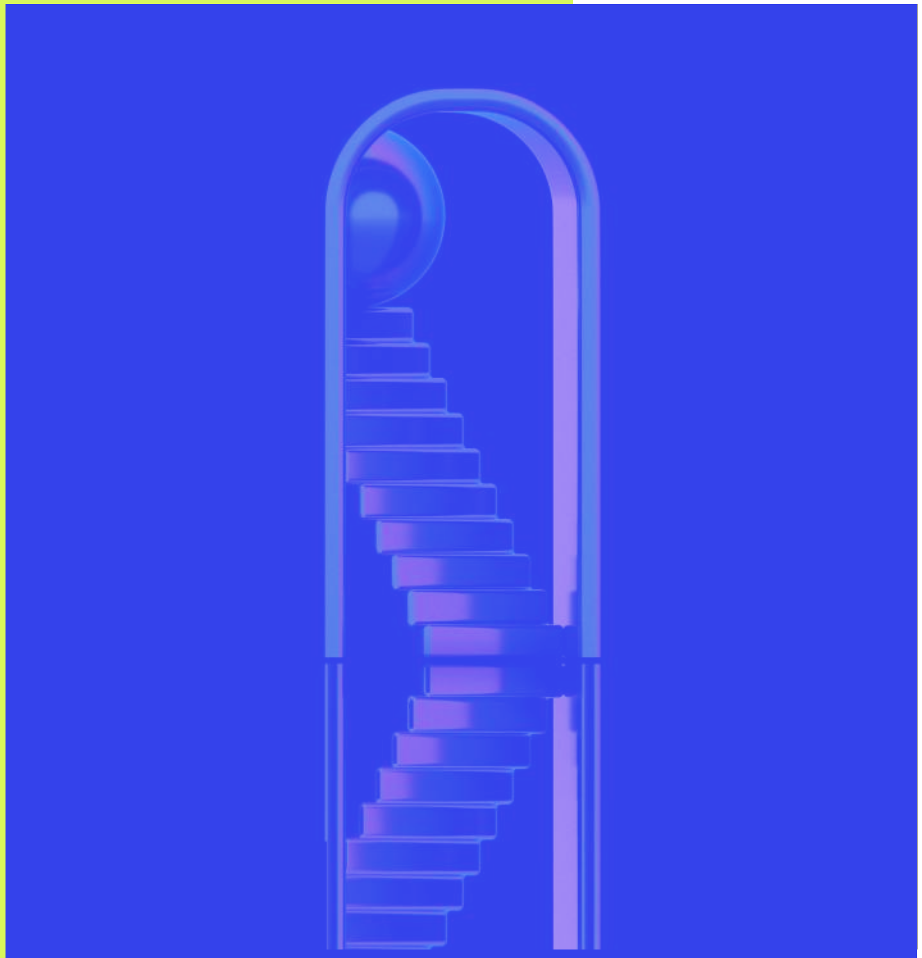
The Ethereum Foundation has completely overhauled its governance in recent months, separating strategic governance (the board of directors) from operational execution (general management). Vitalik Buterin, Aya Miyaguchi, and Patrick Storchenegger now form the "security council" tasked with protecting Ethereum's core mission, while Hsiao-Wei Wang and Tomasz Stańczak (joined by Bastian Aue and Josh Stark) take over day-to-day operations with a clear mandate: increase agility and clarity by directly addressing ecosystem challenges, from scalability to zero-censorship compliance.

But this reform is more than just cosmetic. The Foundation has revised its treasury management approach, moving from opportunistic ETH sales to a structured and transparent strategy, with some assets now deployed in DeFi protocols. The latest development: a streamlining of R&D, with targeted layoffs in favor of a more decentralized model. The goal? End de facto centralization and empower community builders.

【 SEC ENDS INVESTIGATION INTO UNISWAP 】

In late February 2025, the SEC quietly ended its investigation into Uniswap Labs, the main developer of the eponymous protocol, which had begun more than two years earlier. Without formal charges or financial settlement, this decision concludes one of the sector's most closely watched cases. The agency, facing political challenges in recent months, reportedly acknowledged internally the legal complexity of classifying Uniswap as a regulated entity under U.S. securities laws, particularly due to its open-source nature and the absence of any token directly issued by the company.

However, this victory, symbolic as it may be, does not amount to a general acquittal. The SEC's decision sets no precedent and could be revised if the regulatory framework changes or new facts emerge. For Uniswap Labs, which had spent months preparing for legal confrontation by reorganizing its entities and strengthening its defenses, the end of the investigation implicitly validates its regulatory distancing strategy. The company had notably argued that it controlled neither the protocol's liquidity nor governance, although many critics still point to the significance of its role in development and communication.



01 KEY UPDATES FOR H1 2025_

【ETHEREUM ETF OPTIONS: STRATEGIC GREEN LIGHT】

On April 10, 2025, the SEC approved the listing of options on several spot Ethereum ETFs, including those from BlackRock, Grayscale, and Bitwise. Following Bitcoin ETFs, these new derivative products allow investors to bet on ETH's price movements, both up and down, without holding the asset itself. This represents not just a technical but a symbolic advancement: Ethereum now has access to the same risk management tools as major asset classes, starting with stocks and commodities.

However, this launch comes amid measured interest. Unlike Bitcoin ETFs, which attracted tens of billions of dollars in just weeks, Ethereum ETFs have struggled to gain traction. Volumes remain low, and price momentum has been subdued. The arrival of options could be a game-changer, bringing liquidity and attracting professional traders who favor leveraged products and complex strategies. For issuers like BlackRock and Bitwise, the objective is clear: transform ETH from a purely speculative asset into a structured asset, integrated into diversified portfolios.

【PECTRA UPDATE】

The Pectra update, activated on May 7, 2025, represents Ethereum's most comprehensive protocol evolution since The Merge, combining execution (Prague) and consensus (Electra) upgrades in a single hard fork. In total, 11 EIPs were integrated, including several fundamental changes to account architecture, staking, and scalability. At the heart of this undertaking: EIP-7702, championed by Vitalik Buterin, which introduces a novel form of account abstraction, allowing external wallets to temporarily behave like smart contracts, with advanced signature, automation, and recovery functions.

This update goes beyond technical refinement. With EIP-7251, the validator cap of 32 ETH has been raised to 2048 ETH, a change that facilitates institutional staking management while raising centralization concerns. Pectra also introduces a doubling of blob capacity, further reducing rollup costs and strengthening Ethereum's appeal against L1 competitors. These changes position the network to accommodate L2 applications at scale without compromising security.

【AAVE REACHES $25 BILLION TVL】

In June 2025, Aave crossed the $25 billion total value locked (TVL) threshold, confirming its powerful comeback at the summit of decentralized finance. The lending platform co-founded by Stani Kulechov has seen its deposits double since the beginning of the year. The combined effect of rising on-chain yields, renewed institutional appetite for passive income strategies, and better integration with Layer 2s (notably Base and Arbitrum) has created new momentum around the protocol.

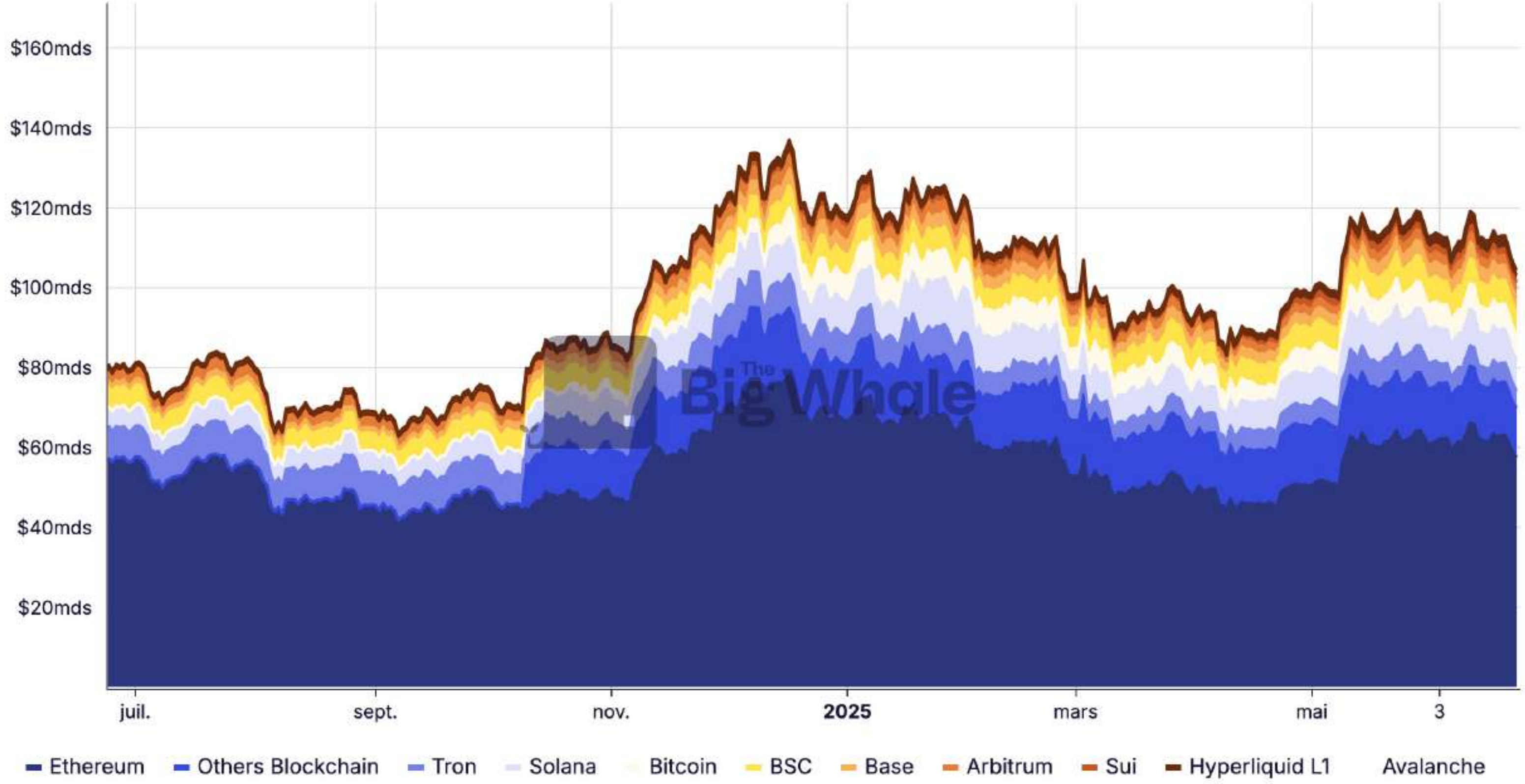
But this progress isn't purely quantitative. Over recent months, Aave has strengthened its technical proposition with a more modular architecture, native stablecoin fee payment integration, and improved risk isolation per market. The growing momentum of the GHO stablecoin, though still limited, also contributes to this strategic repositioning aimed at making Aave not just a decentralized lender, but a true on-chain monetary infrastructure.

02

Market Share

ETHEREUM REINFORCES ITS LEADERSHIP POSITION IN TOTAL VALUE LOCKED (TVL)

02 ETHEREUM REINFORCES ITS LEADERSHIP POSITION IN TOTAL VALUE LOCKED (TVL)_



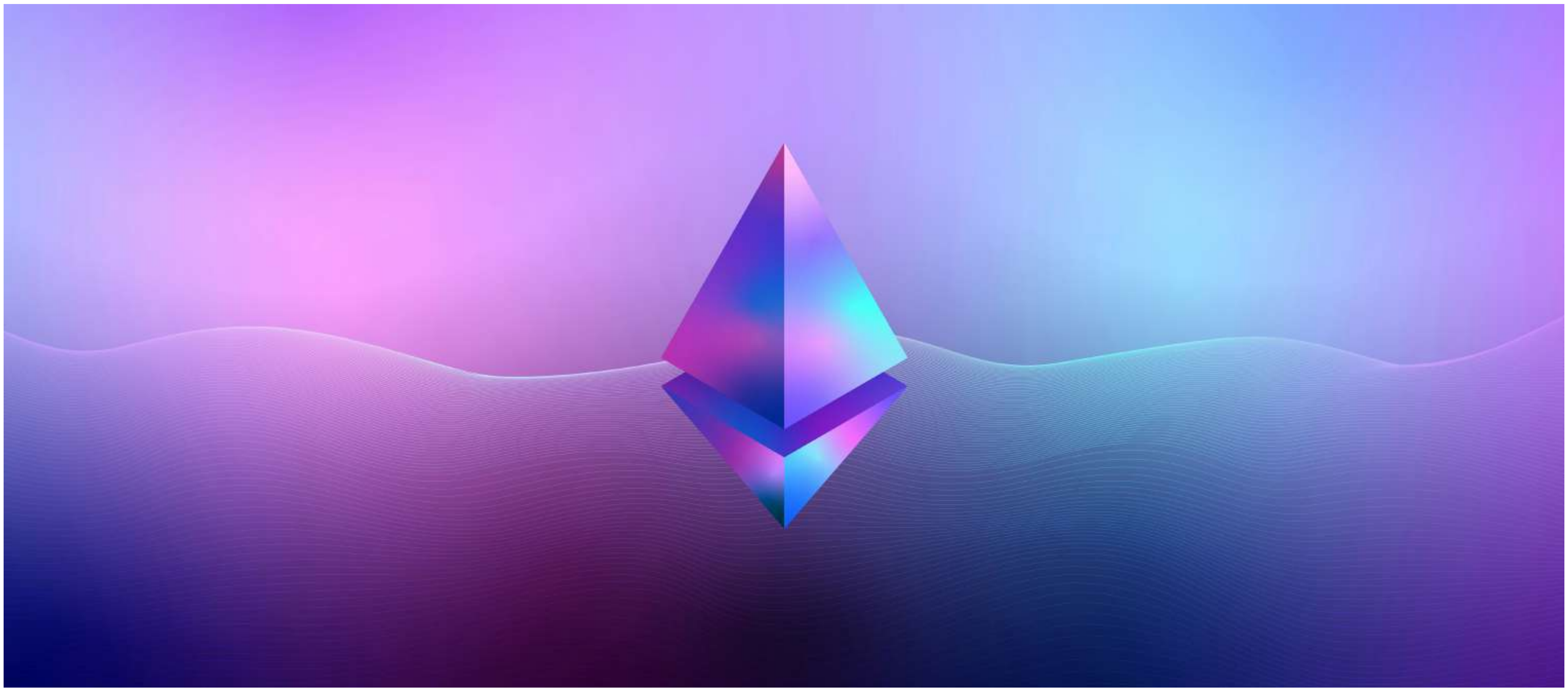
Source : Defillama

Ethereum demonstrates continued supremacy in terms of Total Value Locked (TVL) within the blockchain ecosystem. Since the meteoric rise of decentralized finance (DeFi) in 2020, this protocol has established itself as the backbone of on-chain finance, concentrating the overwhelming majority of liquidity (over 60 billion dollars in mid-2025). Even though downward periods marked 2022 and 2023, mainly due to the overall crypto market decline, Ethereum's resilience is evident: with each recovery, its market share remains largely dominant, far ahead of other blockchains.

Its Layer 2 solutions like Arbitrum and Base have been gaining visibility since 2024, demonstrating internal development within the Ethereum ecosystem rather than a flight to alternatives. This centralization of value on Ethereum reflects a clear choice by developers and investors: that of an infrastructure deemed more secure, more mature, and better interconnected with institutional standards.

02 ETHEREUM REINFORCES ITS LEADERSHIP POSITION IN TOTAL VALUE LOCKED (TVL)_

The multiplication of use cases (stablecoins, RWAs, lending, staking, etc.) is concentrated on Ethereum and its scaling solutions (L2). Despite the rhetoric about the emergence of a multi-chain world, Ethereum remains the preferred foundation for decentralized finance. As regulators progressively frame the sector and institutions enter the market, this positioning reinforces the idea that Ethereum is now indispensable for building a credible and sustainable on-chain financial product.

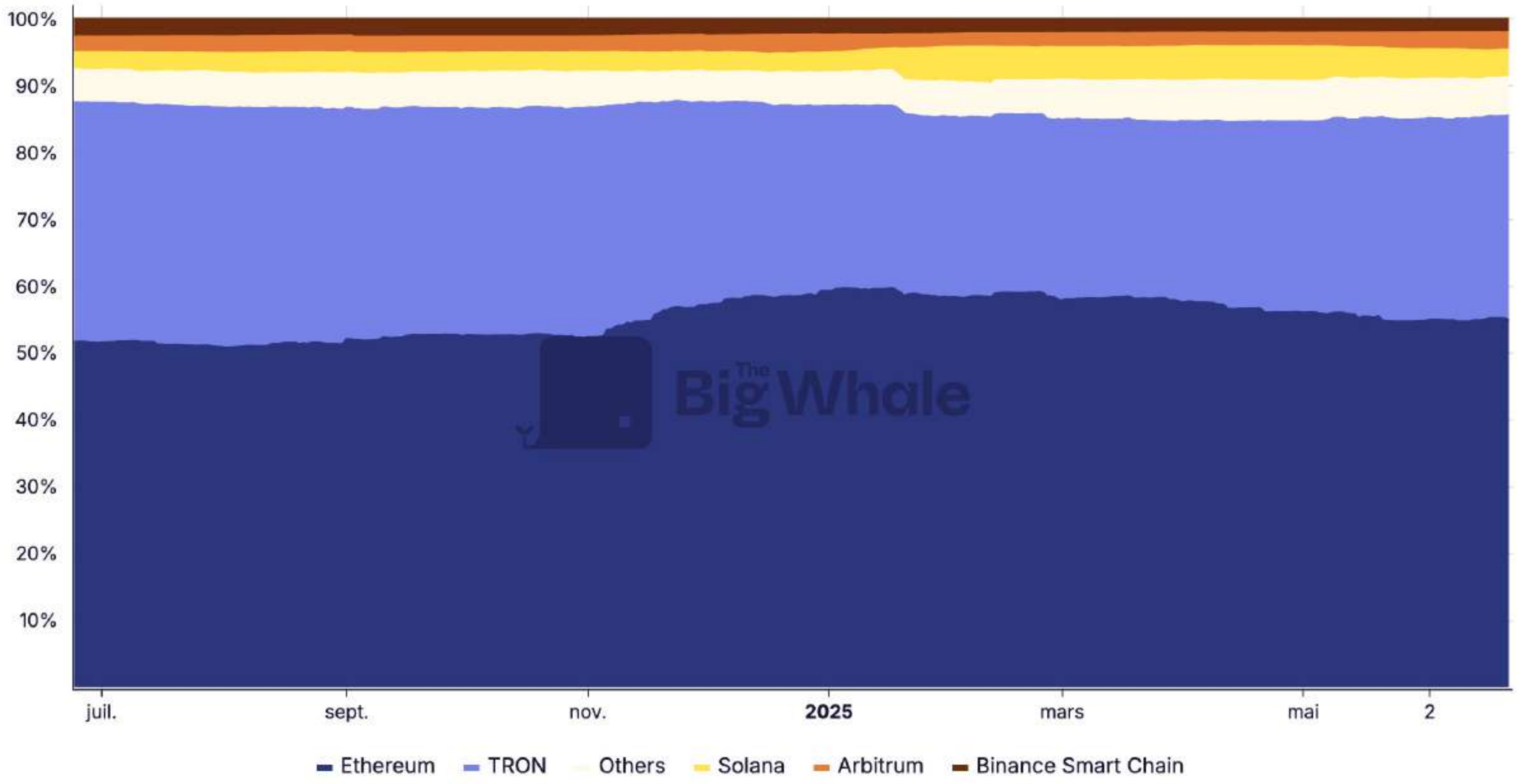


03

Market share

MORE THAN 50% OF RWAs
ARE ISSUED ON ETHEREUM

03 MORE THAN 50% OF RWAs ARE ISSUED ON ETHEREUM_



Source : RWA.xyz

The distribution of tokenized real-world assets (RWAs) across different blockchains is clear-cut: Ethereum has historically dominated—and continues to dominate—the market, although its relative share has decreased since 2022.

Until 2021, Ethereum accounted for almost 100% of on-chain RWAs. This situation began to change in 2022, with the emergence of alternatives like Tron, Solana, Binance Smart Chain, and Arbitrum. These new entrants have gradually eaten into market share, reducing Ethereum's share to approximately 60% by mid-2025.

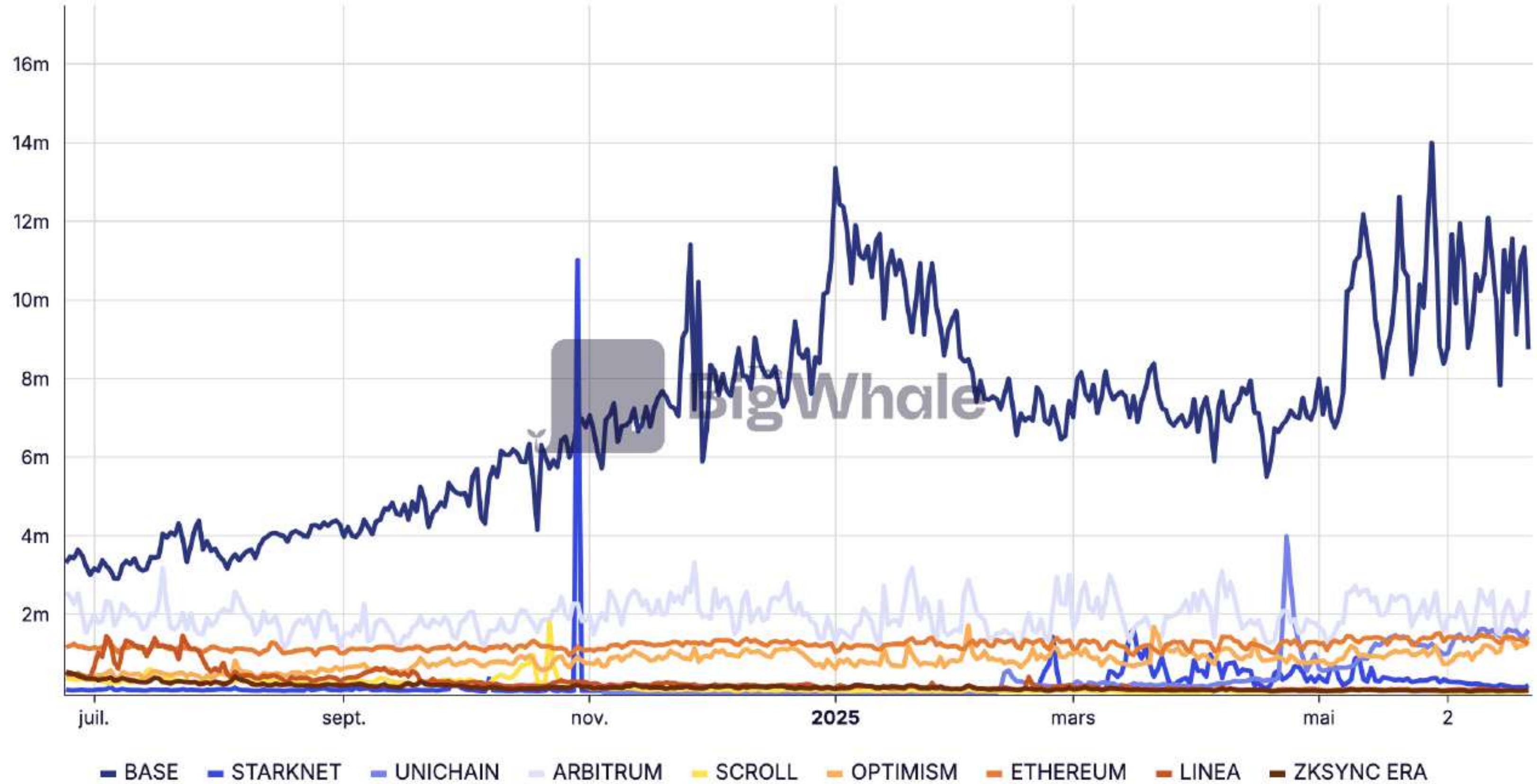
However, despite this fragmentation, Ethereum remains the go-to platform for tokenizing real-world financial assets, particularly due to its security, liquidity, and compatibility with regulatory standards. The growth of other chains remains moderate, confirming that RWA usage isn't shifting dramatically but rather expanding at the periphery.

04

Layer 2

BASE ESTABLISHES ITSELF AS THE LEADING L2

04 BASE ESTABLISHES ITSELF AS THE LEADING L2_



Source : GrowThePie

This graph shows the number of daily transactions on Ethereum and its main Layer 2 (L2) scaling solutions. Base's dominance (in dark blue) is undeniable: this project developed by Coinbase shows continuous growth, with a peak exceeding 14 million transactions per day by the end of 2025. This dynamism stands in stark contrast to other L2s, which operate in a much lower range, often below 2 million daily transactions.

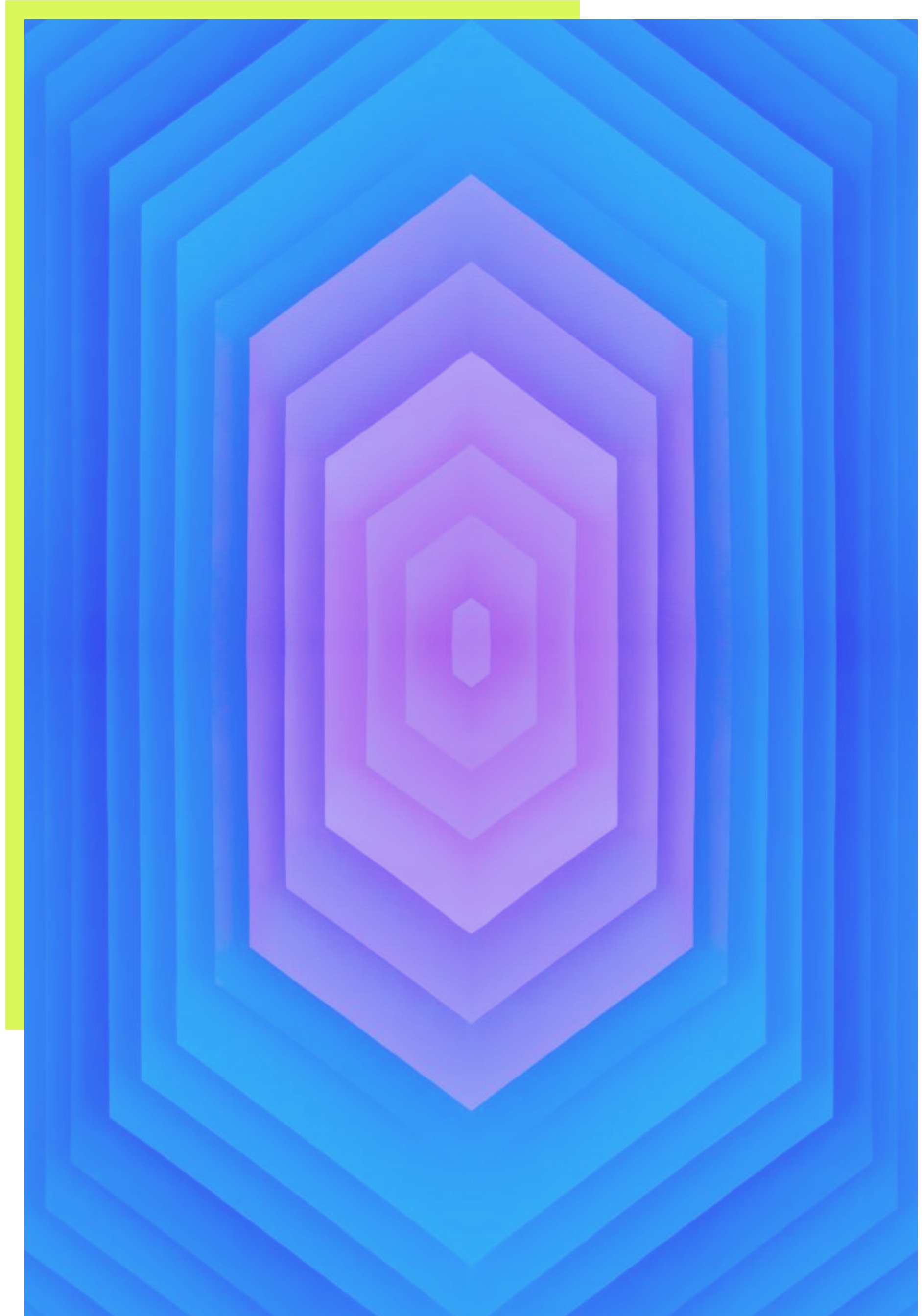
This trend reflects several phenomena: first, Coinbase's distribution power, which attracts millions of users to its own network; second, a clear mass-market onboarding strategy with low fees, simplified UX, and practical use cases (games, social applications, stablecoins). In less than a year, Base has thus become the most active chain in the Ethereum ecosystem by transaction volume.

04 BASE ESTABLISHES ITSELF AS THE LEADING L2_

In comparison, Optimism and Arbitrum, historically L2 leaders, maintain steady but stable activity, with low-volatility curves and no comparable growth spikes. This suggests a more DeFi or institutional-oriented user base, less conducive to virality. Other L2s like ZkSync Era, Starknet, Scroll, or Linea struggle to gain traction, despite major technical innovations, particularly around ZK rollups. Their adoption remains limited, partly due to the absence of external catalysts as powerful as the Coinbase effect.

The Ethereum mainnet, meanwhile, remains in the background, with a daily transaction count well below the L2s, confirming the shift of activity toward scaling solutions. Ethereum thus becomes a settlement layer, while L2s absorb transactional activity.

This graph therefore validates a central hypothesis of the Ethereum model: that of a modular architecture, where the base layer ensures security and neutrality, and the upper layers (particularly Base) capture mass market usage.



05

TradFi

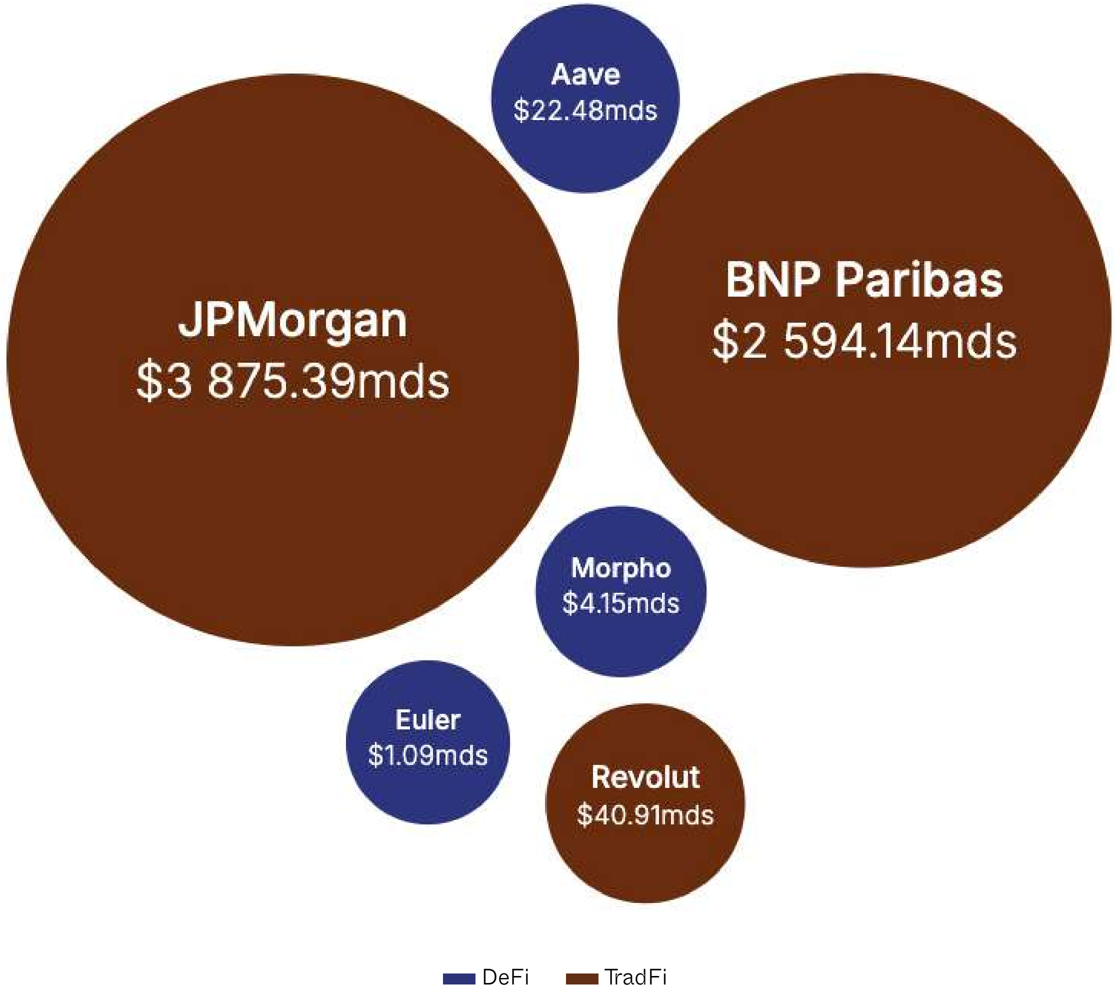
ITS DECENTRALIZED FINANCE APPLICATIONS WILL SOON RIVAL MAJOR NEOBANKS

05 ITS DECENTRALIZED FINANCE APPLICATIONS WILL SOON RIVAL MAJOR NEOBANKS_

There is still a significant gap between the assets under management of the main decentralized finance (DeFi) platforms on Ethereum and those of traditional banking institutions.

The bubbles representing JPMorgan ($3,875 billion) and BNP Paribas ($2,594 billion) largely dominate the visualization, reminding us of the gigantic scale of traditional finance. Conversely, DeFi protocols (although technological pioneers) still operate on very modest volumes: Aave barely reaches $25 billion, Morpho remains around $4 billion, and Euler just exceeds $1 billion.

However, one comparison particularly draws attention: that between DeFi and Revolut. With assets under management of $40.91 billion, the British neobank represents a more recent financial intermediary that has managed to capture a large customer base thanks to its mobile interface and quick services. Now, DeFi as a whole is approaching this threshold. Aave alone manages more than half of this amount. If we add the volumes of Morpho, Euler, or other emerging players, the convergence becomes tangible.



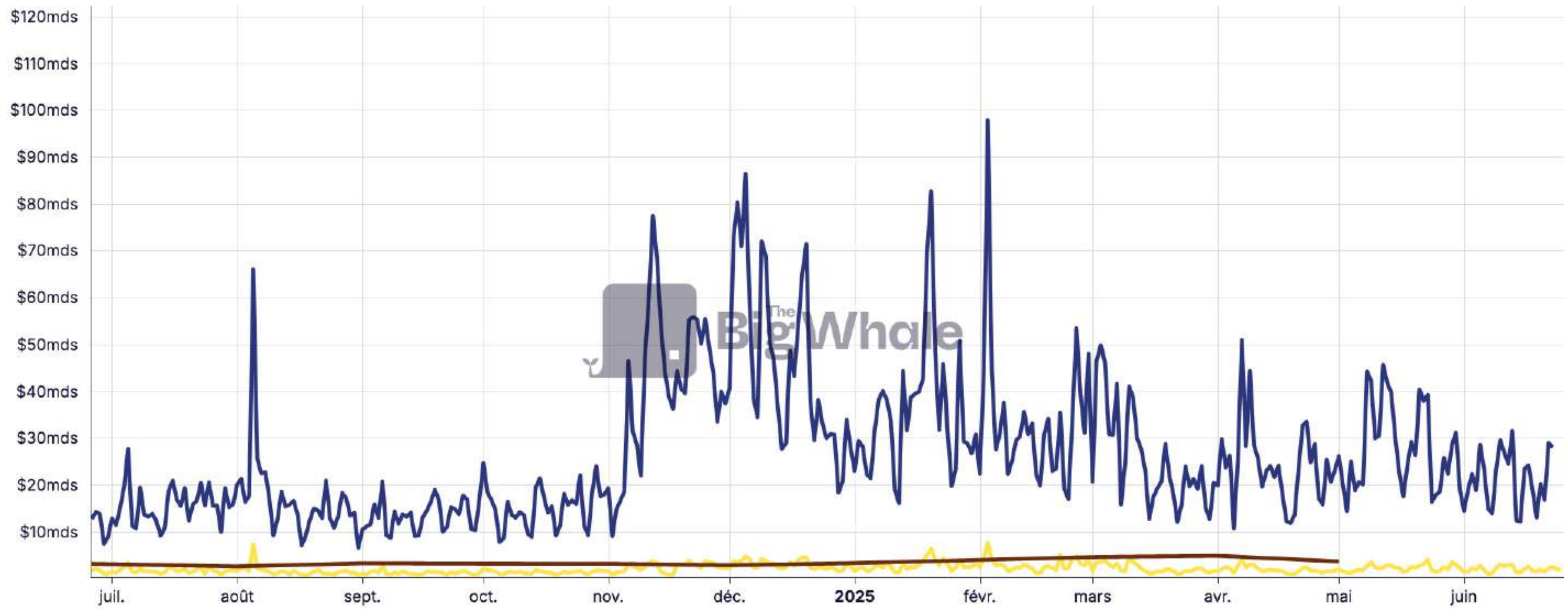
Source : The Big Whale

06

Usage

DEX TRADING VOLUMES ARE COMPETING WITH HISTORICAL STOCK MARKET PLAYERS

06 DEX TRADING VOLUMES ARE COMPETING WITH HISTORICAL STOCK MARKET PLAYERS_



Source : The Big Whale - Kaiko

This chart compares daily trading volumes across three market categories: CEXs (centralized crypto exchanges), DEXs (decentralized exchanges on Ethereum), and Euronext Paris, France's main stock market. The analysis immediately highlights the dominance of CEXs in terms of liquidity, with regular peaks exceeding $70 billion, particularly during the winter of 2024-2025, a period marked by strong speculative activity. But the most striking element is the rising power of DEXs, which operate on-chain on Ethereum. Although their volumes are still well below those of CEXs, they now rival Euronext Paris.

On several occasions, the volumes processed by DEXs (yellow line) clearly exceed those of Euronext (brown line), whose daily exchanges remain below the $5 billion mark. This crossover is symbolic: it shows that decentralized finance is no longer marginal, and that DEXs, long considered experimental or unreliable, are reaching liquidity levels comparable to regulated exchanges that have been operating for decades. This can be explained by a combination of factors: the growing use of stablecoins, deep liquidity on Ethereum, and gradual institutional adoption.

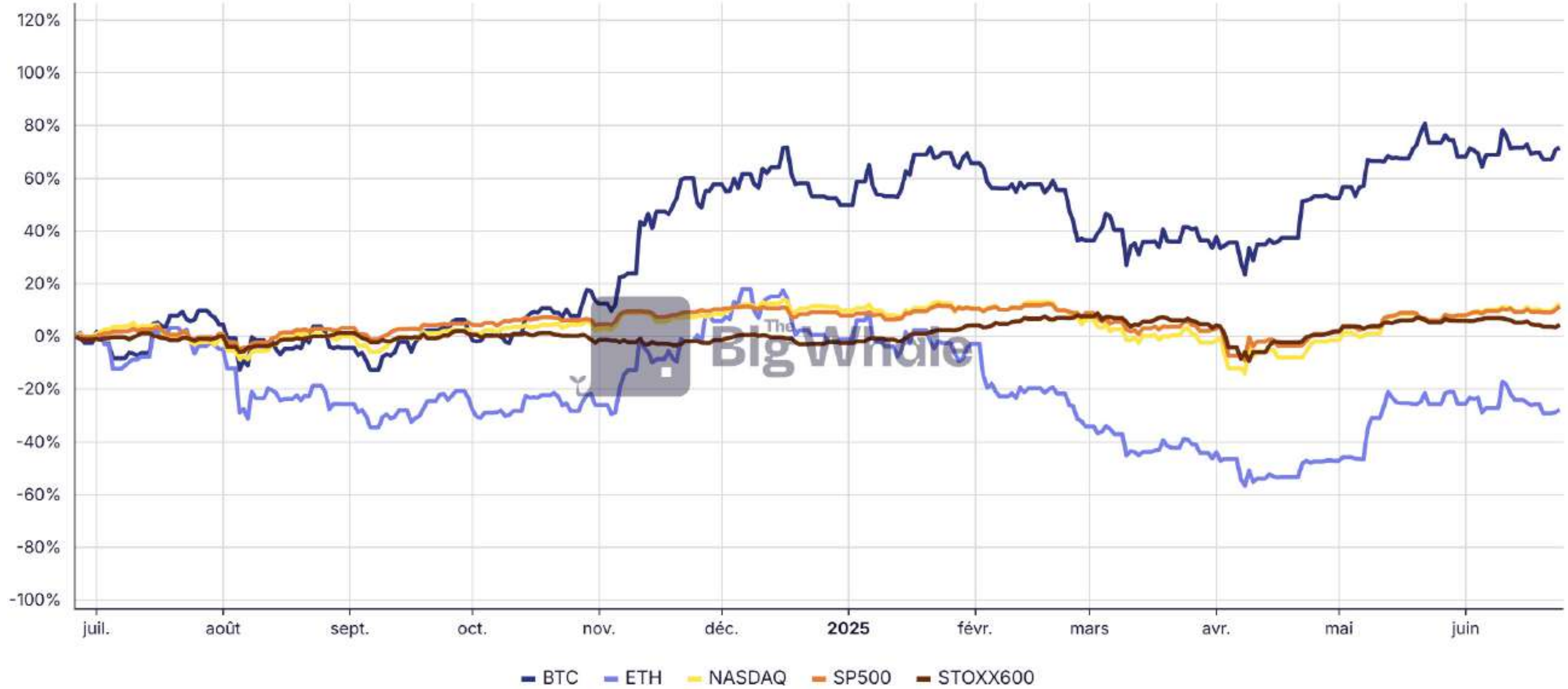
PS: We collected Euronext Paris data up to May 1, 2025

07

Market

ETH PRICE UNDERPERFORMANCE COMPARED TO MAJOR TECH STOCKS

07 ETH PRICE UNDERPERFORMANCE COMPARED TO MAJOR TECH STOCKS_



Source : The Big Whale

The ETH token is showing a clear decline compared to other financial assets, including those in the technology sector (Nasdaq and STOXX600), which are typically correlated with crypto assets. While Bitcoin displays strongly positive performance over the year (approximately +60%), driven by spot ETF launches and strong institutional demand, Ethereum is severely underperforming: it remains in negative territory for most of the year, with a decline reaching -40% before a slight rebound in May. This divergence, visible since November 2024, highlights a decoupling between the two main cryptocurrencies, despite their historical correlation.

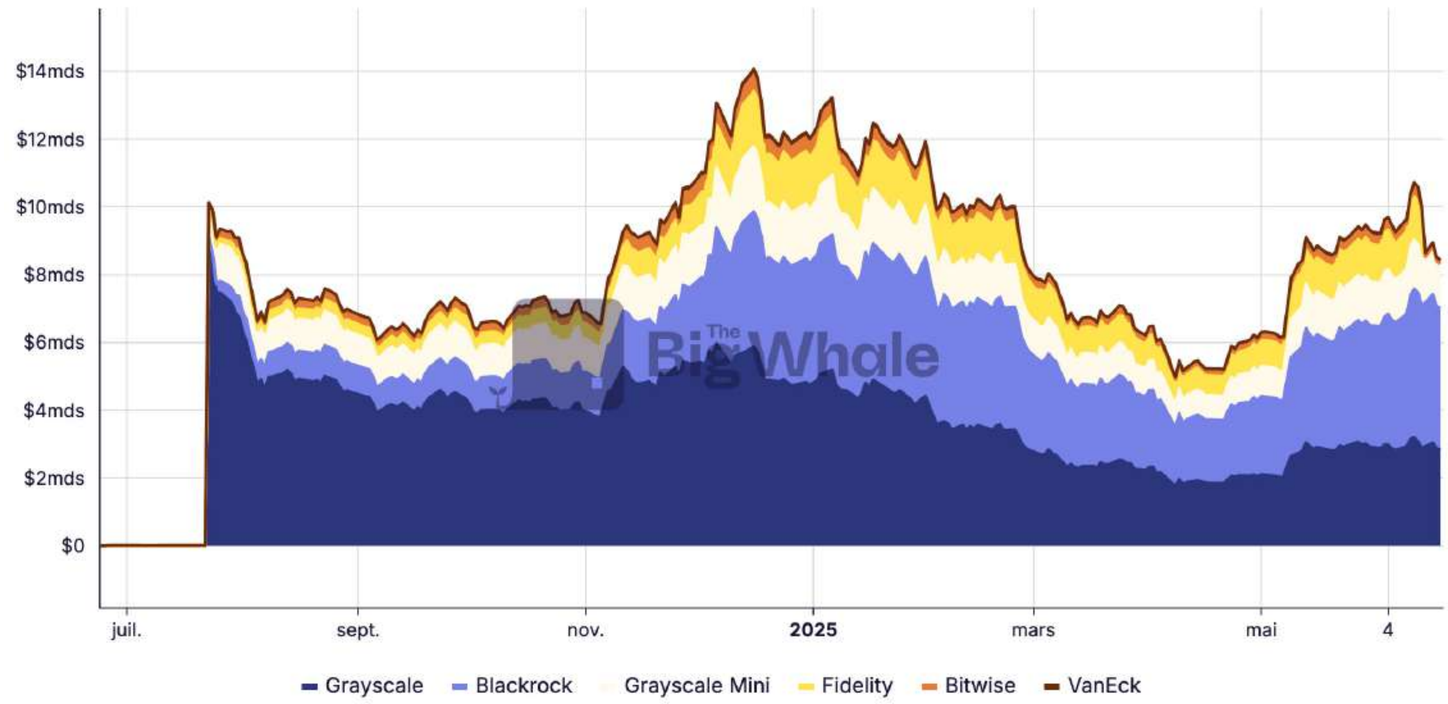
This underperformance of ETH raises questions about the strength of its short-term economic fundamentals. Despite strong activity on Layer 2s, real asset tokenization, and notable technological advances, market dynamics are declining. This can be explained by weak speculative traction or the absence of a catalyst equivalent to the "ETF" narrative that benefits Bitcoin. This suggests that Ethereum is not yet perceived today as a reserve asset or technological proxy as powerful as BTC or major Nasdaq stocks, at least from investors' perspective.

08

ETF

LOWER INSTITUTIONAL APPETITE FOR ETH

08 LOWER INSTITUTIONAL APPETITE FOR ETH_



Source : Issuers

The evolution of Ethereum ETF assets under management (AUM) since their launch in July 2024 reveals a mixed dynamic: after a strong start driven by the conversion of Grayscale Ethereum Trust, assets stagnated for several months before recording significant growth in late 2024, followed by a correction, and then a more moderate revival of interest in spring 2025.

The first phase, starting in July 2024, shows a sharp rise in AUM to nearly $9 billion, almost entirely attributable to Grayscale, whose existing fund was converted into a spot ETF. Grayscale's dominance remains constant throughout the period, but its relative weight slightly decreases with the gradual entry of players such as BlackRock, Fidelity, Bitwise, and VanEck.

Notably, between November 2024 and January 2025, a bullish wave pushed AUM beyond $13 billion, partly due to the price effect on ETH and increasing speculation around the crypto ETF market.

From February 2025, the curve experiences a marked decline, reflecting a drop in Ether's price and a certain disengagement, likely due to ETH's underperformance compared to BTC and a lack of equivalent catalysts to those of Bitcoin (such as the store of value narrative or macro-institutional flows). However, since April, AUM has been rising again in a healthier manner, suggesting a market consolidation phase and a gradual return of interest in Ethereum from a more structural perspective.

THIS BRIEFING WAS DESIGNED
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