

Sonic Labs: US Expansion, Institutional Access, and Ecosystem Capital Formation



Introduction

Sonic is positioning itself as a next-generation Layer 1 network designed to align high-performance blockchain infrastructure with institutional standards. Over the past ~year, Sonic has been transitioning from its original Fantom vision to Sonic, combining the technical advantages of low-latency finality and builder-first fee economics with a strategic push into the United States. This U.S. expansion represents an attempt to establish Sonic as an institutionally reputable platform that can attract steady capital flows, secure regulatory credibility, and support developers with predictable revenue models. The near-term program has three pillars:

1. A US institutional access track that includes an \$S ETF wrapper and a Nasdaq-listed Digital Asset Treasury (DAT) vehicle

2. The establishment of Sonic USA LLC with a New York footprint and US leadership to prosecute capital markets, corporate development, and policy engagement

3. Tokenomics modernization that turns fee flow into durable builder revenue while increasing net burn on non-FeeM traffic to create a more deflationary environment for \$S over time

There is also a fourth throughline relating to execution velocity at the application layer. The Innovator Fund is underwriting builders with genuine product value, while Sonic's Spawn lowers the cost of time to ship products by letting teams author Web3 apps from natural language prompts. The objective is straightforward: make \$S easy to hold through familiar rails, make it compelling to build on (because fees accrue to builders rather than being absorbed into protocol overhead), and make the network transparent to institutions by aligning disclosures, custody, and governance with US expectations.

Taken together, these initiatives represent Sonic's attempt to transition from a retail- and developer-led ecosystem into one that is credible, accessible, and durable for institutional stakeholders. The purpose is to replace sporadic, mercenary inflows with steady, rules-based demand and to convert that demand into user experience, liquidity depth, and credible throughput at the dApp layer. The same "pay builders first" design that catalyzed early growth remains the spine of the strategy. The following sections outline why this shift is necessary, how Sonic plans to execute it, and what it implies for the future of the network.

Why This Shift is Necessary (and Why Now)

The original Fantom-era token distribution left the foundation with a de minimis reserve relative to modern competitors. While this distribution strategy earned community trust, it also left the network without the financial flexibility to act decisively on listings, partnerships, or liquidity opportunities. Competing Layer 1 networks, by contrast, have operated with substantial treasuries that have allowed them to quickly fund business development, subsidize liquidity, and shape market perceptions in rankings. Sonic's limited reserves left it reactive, often unable to participate in time-sensitive transactions that could have improved adoption or visibility.

Meanwhile, the market rotated toward low-float, high-FDV structures where foundations act like operating holding companies that focus on funding BD, market structure, and route-to-market programs in ways that alter ranking, discovery, and perceived quality. Sonic's answer is to modernize prudently: explicitly authorize tokens for a U.S. ETF allocation, a Nasdaq PIPE for a DAT treasury, and an operating allocation for Sonic USA. All of this would be on-chain, time-boxed, and publicly tracked.

These changes also align with tokenomics updates (90% of fees to builders on FeeM flows; 50% burn on non-FeeM transactions), which direct the majority of fee revenue to builders and introduce deflationary mechanics on residual traffic. Together, these initiatives aim to replace sporadic inflows with durable capital access, while ensuring that developer economics remain sustainable and growth is anchored in real usage.

Institutional Access: ETF + Nasdaq DAT

ETF

The ETF is straightforward: a regulated, exchange-listed fund that holds \$S with qualified custody (like BitGo) and allows creation/redemption by APs to keep the wrapper aligned with the underlying. The value is distribution and compliance for financial vehicles like pensions, RIAs, and corporate treasuries that cannot self-custody or touch offshore exchanges, and can own exposure through their standard broker-dealer plumbing. For Sonic, this represents top-of-funnel access that helps expand liquidity, improve price discovery, and increase the ecosystem's surface area.

Nasdaq DAT

The DAT is a listed company that raises equity (or credit) and accumulates \$S as treasury. Unlike an ETF, a DAT can deploy the treasury to:

- stake with validators
- provide liquidity
- backstop credit primitives on-chain

All of these are actions that improve network health while compounding an aligned balance sheet. The DAT thus supplies durable, rules-driven bids for \$S and introduces audit, board governance, and reporting cadence that institutions expect. Together, the ETF and DAT create meaningful flows to Sonic. The ETF broadens ownership through increased liquidity and easier accessibility, while the DAT deepens alignment and operational support.

Sonic's performance and economics already drew real capital and blue-chip deployments. The constraint is not necessarily the demand for blockspace. More accurately, it is the friction in how institutions access and hold the asset. The ETF and DAT resolve that friction and formalize Sonic's market in the US without abandoning the network's core design philosophy that usage (not emissions) should fund builders. The practical spillover is non-trivial: listed-vehicle visibility improves everything from exchange relationships to sell-side research density, which in turn helps builders bootstrap distribution and liquidity faster.

Sonic USA

Sonic USA LLC is a critical aspect of the network’s expansion into the United States, which was recently approved for formation through governance by an overwhelming majority of community members. Sonic USA LLC will:

- Build the senior bench (CEO, Capital Markets lead, CMO, BD) and operate from New York
- Prosecute ETF/DAT partners
- Structure a Nasdaq PIPE
- Deepen market-maker and custody relationships
- Keep the Washington D.C. engagement routine rather than episodic

Passed

Source: <https://snapshot.box/#/s:info.sonic/proposal>

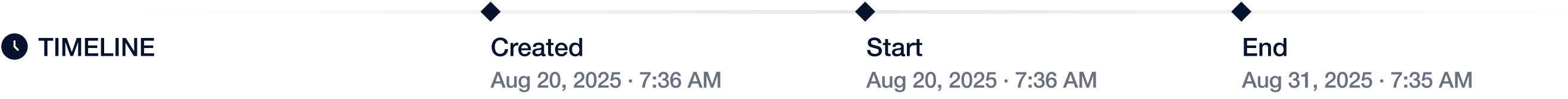
U.S. Expansion and TradFi Adoption Including NASDAQ Treasury Vehicle With S Acquisitions

 **Sonic Labs** admin
In Sonic Network · 1 mo ago · #489f1

✓ For (Option 1)860.6m • 99.99%

✗ Against (Option 2)51.2k • 0.01%

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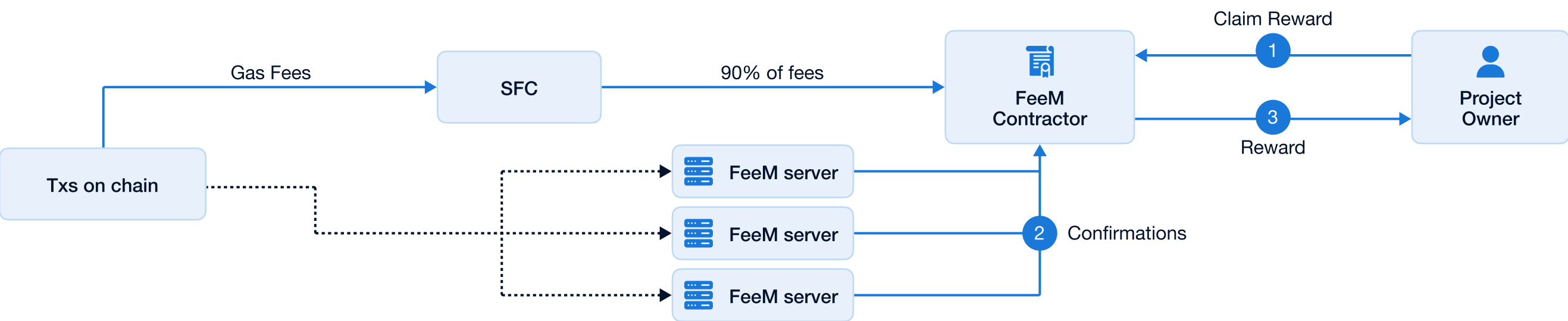
The point is to internalize reaction speed and remove the historic bottleneck where opportunities timed out while a supply plan was invented from scratch. The fee policy updates complement this stance by allowing the operating organization to “sell” the chain through its product. For example, FeeM makes it rational for serious teams to choose Sonic and stay.

This operating posture is consistent with Sonic’s practice to date. Earlier reports documented how FeeM, gas subsidies, and native account abstraction (AA) altered the developer calculus by converting gas into application revenue and by reducing onboarding friction for users (sponsored gas, social recovery, and batched actions). That model created sticky app-economics without fragmenting liquidity into app-chains. The same core idea (value follows usage) now scales to the US capital stack.

The fee split is the backbone: for FeeM-registered flows, 90% of the base gas goes to the application; for non-FeeM flows, 50% burns and 50% goes to validators. Developers can set dynamic fees or sponsor gas to remove friction. Additionally, AA enables email-style recovery, delegated paymasters, and multi-action flows that resemble Web2.

Flow of Fees

Source: <https://docs.soniclabs.com/funding/fee-monetization>



These features of fee splitting are largely the reason DeFi, gaming, and high-frequency use cases concentrated on Sonic in early 2025. Even at sub-penny gas, aggregate throughput generated a meaningful builder revenue economy while validators earned from real fees rather than forced emissions – precisely the behavior a sustainable L1 *should* want.

The policy update proposed in the governance text (i.e., raising the burn share on non-FeeM flows and formalizing builder-heavy splits on FeeM) tightens this design thinking:

- Builders get paid
- Base supply burns on residual traffic
- Validators remain profitable at scale
- \$\$ accrues from activity rather than inflation

That alignment is what kept notable deployments and migrations on Sonic and what allowed points-season incentives to convert into ongoing users instead of just mercenaries hunting for profit.

Innovator Fund

The Innovator Fund is a directed capital arm focused on primitives and consumers who leverage Sonic’s technology to achieve daily usability. Announced placements so far include:

- Silo Finance
- Hey Anon
- ODX
- Ammalgam

Invested Projects

Source: <https://crypto-fundraising.info/funds/sonic-innovator-fund>

#	Project	Date	Raised	Project Category
1	 FinChain	Sep 2025	TBD	Identity, Infrastructure, Real-World Assets
2	 Fly (ex Magpie Protocol) FLY	Aug 2025	\$40k	DApp, DeFi, DEX, Infrastructure, Multichain
3	 Main Street MSUSD	Aug 2025	\$400k	DeFi, Derivatives, Sonic Ecosystem, Stablecoin, Yield Aggregator
4	 ODX (ex Ordinox)	Aug 2025	\$260.64k	Cosmos Ecosystem, Infrastructure, Interoperability, L1, Multichain
5	 Silo Labs SILO	Aug 2025	\$122.50k	Asset Management, Defi, Lending/Borrowing, Smart Contract Platform
6	 Hey Anon ANON	Jun 2025	\$144k	AI, Analytics, Defi, Sonic Ecosystem

These placements will help Sonic cover risk-isolated credit, privacy rails, derivatives infrastructure, routing and liquidity innovation, as well as retail on-ramps. The screening standard for the Innovator Fund is pragmatic: simply select teams with honest unit economics who benefit disproportionately from FeeM/AA and who will reinvest revenue into growth.

Sonic’s early TVL and user count weren’t illusory headline numbers to begin with. Instead, they were backed by stablecoin depth, DEX throughput, and lending penetration across blue-chips and Sonic-native protocols. The points system then transitioned users from passive depositors to active liquidity providers, and Season 2 re-weighted rewards based on usage, introducing loyalty multipliers and anti-sybil rules. That approach traded a one-time airdrop spike for durable participation.

Spawn

Spawn is the leverage point for supply-side throughput. If a dApp can reach MVP through natural-language scaffolding and then harden into a production contract with Sonic SDKs, it can reduce builder time-to-first-revenue from months to weeks. In the Sonic context, that matters two-fold:

1. a low-code surface brings non-crypto teams into the funnel (brands, fintechs, game studios) with fewer hiring bottlenecks
2. Spawn plus FeeM gives these teams a first-party revenue model from the moment their contracts see traffic.

Pairing Spawn access with Innovator Fund ticketing and a path to Gems lets Sonic turn promising prototypes into funded products without the usual capital frictions.



Build an ERC-20 token with stak...

Spawn it

Not sure what to build?

Try these prompts

NFT Marketplace

Full-featured marketplace with minting, trading, and auction capabilities

Token Launcher

Deploy and manage ERC-20 tokens with built-in vesting schedules

Staking Platform

Yield-generating protocol for earning rewards on locked tokens

DAO Dashboard

Governance system with proposals, voting, and treasury management

Payment Splitter

Smart contract for automatic revenue sharing between multiple parties

Rewards System

Token-based loyalty program with points and achievement tracking

*For representation purposes only; actual product may differ in practical use.

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Summary

Sonic's new focus on expanding into the US market is a way to translate early mindshare capture into legitimate institutional adoption out of the largest economy on the planet. The strategy is defined by a combination of capital access, governance structure, and application-layer execution. The ETF and Nasdaq DAT create two complementary vehicles: one broadens distribution and liquidity for \$S, while the other deepens alignment by holding, deploying, and governing treasury assets in ways institutions recognize. Likewise, Sonic USA responds quickly and professionally, while the Innovator Fund and Spawn translate resources into shipped products.

At the protocol level, Sonic continues to differentiate itself through builder-first economics. The FeeM framework, account abstraction, and gas-subsidy models sustain developers by turning network usage into direct application revenue. Tokenomics adjustments that increase the burn rate on non-FeeM transactions and allocate the majority of fees to builders reinforce this design, creating a path toward a more deflationary and demand-driven asset. This combination of institutional distribution and durable builder incentives forms the backbone of Sonic's long-term positioning.

Application growth remains the final component of the strategy. The Innovator Fund and Spawn reduce the cost of development, speed time to market, and expand the pool of viable products that can take advantage of Sonic's economics. By underwriting credible projects and offering low-code onboarding, Sonic assures a steady pipeline of usable applications matches capital formation.

If Sonic can align these elements, it could establish itself as one of the first high-performance Layer 1 networks that is both developer-friendly and institutionally accessible. The U.S. program is not a departure from Sonic's core design philosophy but an extension of it: replacing short-term inflows with structured, rules-based demand while ensuring that value continues to accrue to builders and applications.

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