Q2 2025

Market Overview

The Institutional Choice for Digital Asset Trading

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Opening Remarks

Q2 wasn't defined by price moves—it was shaped by shifts beneath the surface. While digital asset markets remained relatively stable, corporate adoption advanced **and policymakers started catching up**. In the U.S., the Senate passed the **GENIUS Act**, the first major federal crypto legislation designed to put stablecoins on a path toward regulatory clarity. The downstream effect of this landmark legislation is that Bitcoin is no longer viewed as just a speculative asset. It's increasingly being treated as a strategic financial tool, with companies rethinking how they manage cash, reserves, and long-term risk.

The clearest signal of this shift is Bitcoin's expanding foothold on public balance sheets. Over 140 publicly listed companies now collectively hold more than $90.7 billion in Bitcoin, adopting a treasury model that was dismissed as unconventional not long ago. Flagship adopters like MicroStrategy even **doubled down in Q2** by adding over 69,000 BTC to its holdings. While overseas, Japan's **Metaplanet** vaulted into the top five largest Bitcoin-holding companies. What began as a bold bet by early movers like MicroStrategy has steadily become a more widely adopted approach to treasury management, as firms look for long-duration assets that can provide both liquidity and asymmetry in a high-volatility environment.

Zooming out, the scope of Bitcoin treasury adoption is only beginning to take shape. With less than 1% of global public companies currently holding Bitcoin, the runway for institutional integration is vast. If adoption reaches even 5–10% of global S&P 500 firms over the next 3–5 years, total corporate Bitcoin holdings could easily exceed $1 trillion—eclipsing sovereign gold reserves in strategic significance.

Beyond public firms, we anticipate growing interest from private corporations, municipalities, family offices, and even central banks exploring Bitcoin as a reserve asset. The scope of the treasury use case is evolving—from passive store-of-value strategies to dynamic, multi-asset treasury models that include BTC as an inflation hedge, collateral tool, or countercyclical reserve. We've reached a pivotal point in the corporate adoption curve, where companies that once focused solely on buying Bitcoin are now asking: "We have Bitcoin, now what?" Practical considerations like custody, liquidity, and security are finally front and center, as mainstream adopters shift from asset accumulation to balance sheet integration.

This report examines that transition. Spotlighting the companies leading the shift, the underlying forces driving treasury adoption, and the key signals that matter to decision-makers evaluating Bitcoin as part of their capital strategy.

If there is one Q2 takeaway for crypto, it is that Bitcoin is steadily moving from an opportunistic trade to a structured component of treasury strategy. And with that, a new era of financial architecture is forming—where programmable, sovereign digital assets are not just part of the portfolio... but foundational to it.

Zachary Friedman

Co-Founder and Chief Strategy Officer (CSO)

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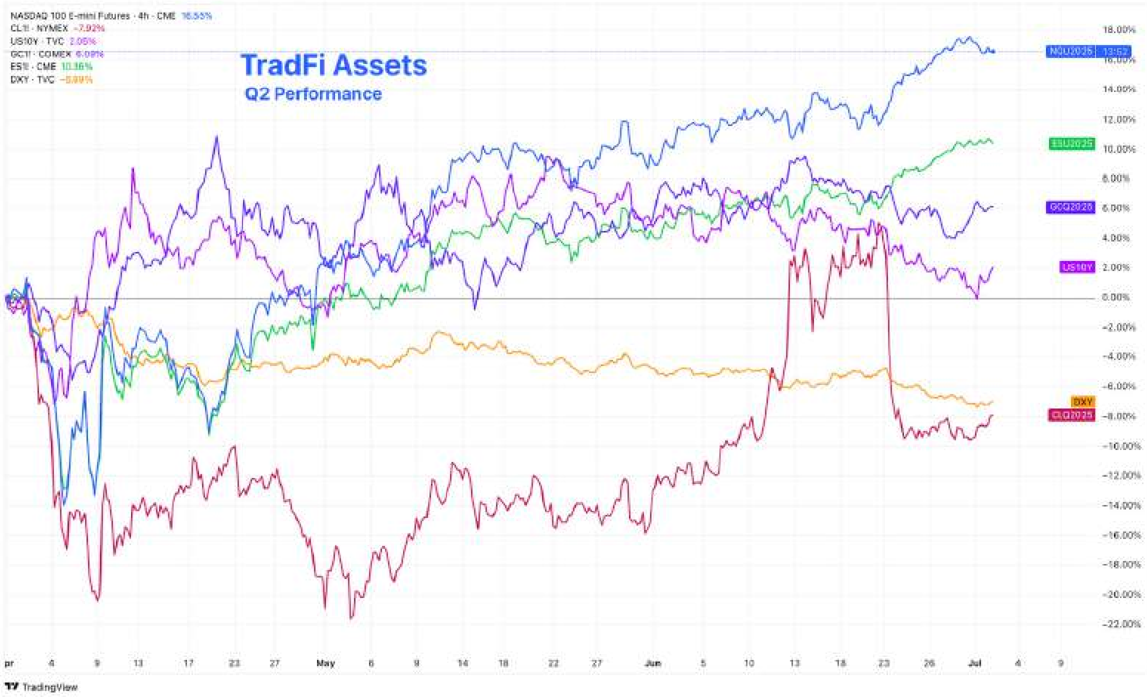
Macroeconomic Environment

Macroeconomic Environment

Price performance



The second quarter of 2025 was defined by geopolitical instability, aggressive trade maneuvering, and diverging global central bank policies.

President Trump's sweeping tariff policies dominated headlines, triggering a wave of retaliatory measures from China and the EU, roiling equity and bond markets. A historic 10% baseline U.S. import tariff escalated into an all-out trade war, punctuated by volatility spikes and rare-earth metal embargoes. In response, gold surged 30% YTD, oil briefly spiked, and the U.S. dollar dropped by 7% in Q2 to reach its lowest point since February 2022, weakening considerably under debt sustainability concerns.

The Fed maintained its policy stance amid softening inflation data, with May's CPI coming in at 2.4% YoY, reinforcing market expectations of rate cuts in September and December. Still, conflicting signals from Powell and the looming fiscal deficit—further strained by Trump's $4T tax bill—kept long-end yields elevated and traders cautious. JPMorgan and other major banks signaled a potential U.S. recession, while Moody's downgraded U.S. credit to Aa1. Global fund managers are now significantly underweight the USD, the largest shift since 2006. Meanwhile, ECB and Turkey diverged sharply—cutting and hiking rates, respectively.

Late Q2 saw geopolitical risks flare further after Israel-Iran tensions erupted into open conflict, pulling the U.S. into military action and amplifying safe-haven flows into gold and cash while oil erupted on threats of potential closure of a critical shipping lane, the Strait of Hormuz. Despite this, an improved geopolitical backdrop, and renewed AI enthusiasm helped reverse Q1's weak performance. The market came back to life with Nasdaq reaching another record high near the end of June and the S&P 500 posted its best quarterly performance since Q4 2023.

Timeline

Apr

- Trump announced 34% tariffs on Chinese imports and new tariffs on 20+ countries.
- S&P 500 posted its worst two-day loss since March 2020; Nasdaq entered bear market territory.
- China retaliated with export restrictions on rare earth metals; oil prices fell to pandemic-era lows; VIX surged above 60.
- JPMorgan downgraded U.S. growth forecasts, warning of stagflation risks.
- ECB cut rates; Turkey hiked rates by 350bps.
- Spot ETF inflows remained resilient amid the macro chaos.

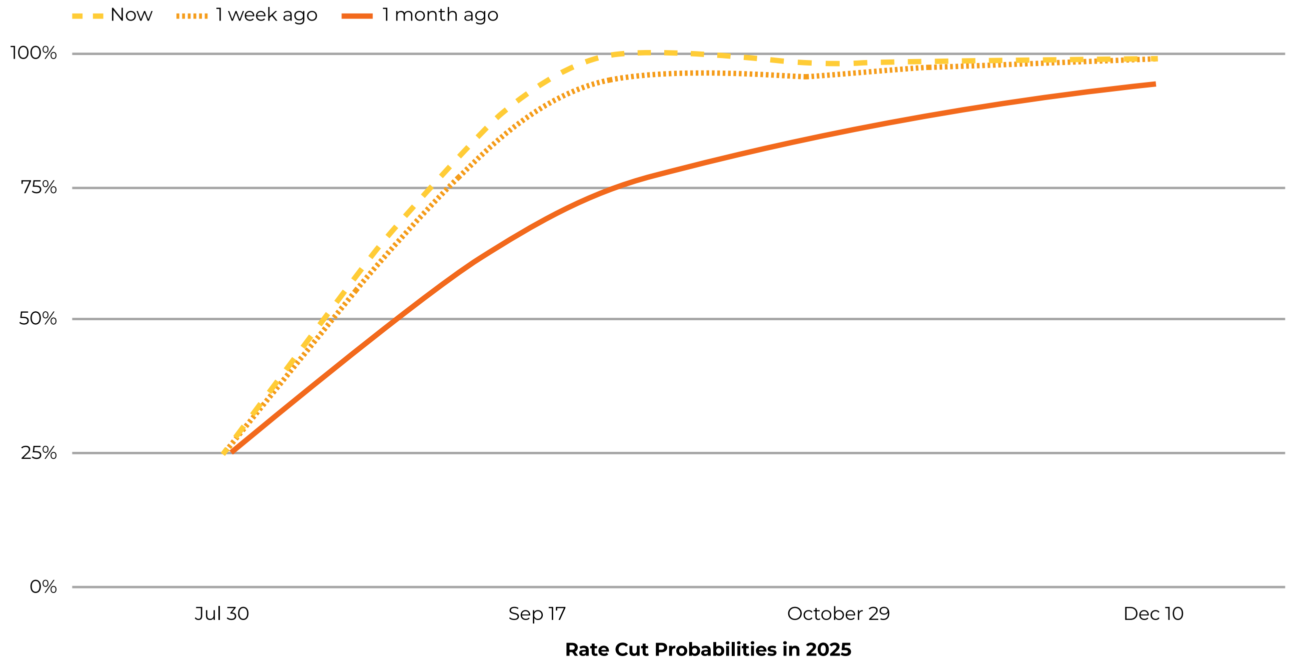
May

- S&P 500 gained 6% and Nasdaq rose nearly 10% in May, despite trade tensions.
- U.S. inflation cooled to 2.3% YoY, below expectations.
- The Fed held rates steady at its May FOMC meeting, citing tariff and inflation uncertainties.
- U.S. Treasury yields rose, and Moody's downgraded U.S. credit rating to Aa1 over fiscal concerns.
- Trump administration escalated tariffs, threatening EU imports and Apple's supply chain; temporary rollbacks with China and the UK triggered brief rallies.
- China cut rates and injected liquidity to stabilize its economy under trade pressure.
- The USD weakened; Bank of America warned of further downside risk for the dollar.

Jun

- China retaliated against U.S. export controls, raising fears of a tariff war; a temporary U.S.–China trade truce emerged mid-month, easing tariffs and tech restrictions.
- U.S.–Iran conflict escalated with military strikes from both sides; a later ceasefire announcement by Trump led to a market rebound.
- May CPI came in at 2.4% YoY, slightly below expectations.
- The Fed held rates steady; futures priced a 55% chance of a September rate cut.
- The U.S. debt ceiling was raised to $36 trillion, intensifying fiscal concerns.
- Global central banks increased gold reserves to record highs, accelerating de-dollarization efforts.
- U.S. GDP and jobless claims data were mixed, signaling a slowing economy but a resilient labor market.

Rate Cut Probabilities In 2025



Rate Cut Probabilities for Sept 17th Meeting

Cryptocurrency Industry

Price performance

Bitcoin jumped ~30% on bullish news: the U.S. Strategic Bitcoin Reserve, strong ETF inflows, and global liquidity. The breakout above $110k in late June was driven by institutional demand and favorable macro trends.

Ethereum gained 34%, slightly outpacing BTC, boosted by ETF inflows, post-merge optimism, and L2 upgrades. Key resistance remains around $2.8k.

Solana rebounded ~20% after early underperformance. U.S.-China trade tension eased, and optimism around a likely spot ETF (95% odds per Bloomberg) sparked buying.

XRP rose ~4%, lifted by SEC lawsuit progress, Trump's crypto reserve comments, and high ETF approval odds.

Dogecoin stayed flat (~–2%), lacking catalysts or ETF buzz.

Cardano fell 16%, weighed by weak derivatives and no major news.

Chainlink dipped 4% amid market rotation toward ETF-linked assets.

Summary: BTC and ETH outperformed on the back of institutional inflows, ETF momentum, and macro tailwinds. SOL and XRP saw targeted gains on ETF speculation and regulatory clarity, while DOGE, ADA, and LINK lagged amid a lack of catalysts.

This chart compares the total crypto market cap (blue line) with the crypto market cap excluding the top 10 assets (green line) from early April to early July 2025.

Mega Cap Dominance. The +24% rally was led by Bitcoin and Ethereum, fueled by:	BlackRock's IBIT ETF hitting $70B AUM, driving institutional BTC flows.
	SEC signals supporting DeFi and Ethereum-based projects, boosting ETH.
	Spot SOL ETF speculation adding to top L1 optimism.

Mid/Small Cap Weakness:

Despite the rally, mid and small caps lagged due to:

- A flight to quality—investors favor BTC and ETH as crypto "blue chips."
- Geopolitical risks and tariffs driving risk-off behavior.
- Regulatory uncertainty clouding many altcoins.

Summary: The +24% vs. +5% split shows a top-heavy rally centered on BTC and ETH amid institutional demand and regulatory tailwinds, while smaller tokens remain out of favor in a cautious, volatile market.

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Market Update

Market Update

The crypto market showed remarkable resilience in Q2, outperforming equities even as global volatility surged. Bitcoin (BTC) broke above the $100K threshold early in the quarter and pushed to an all-time high of $112K in May before consolidating in a tight range. Institutional flows were a major theme: BlackRock's IBIT ETF became the fastest fund in history to cross $70B in AUM, while MicroStrategy and Metaplanet added aggressively to their BTC treasuries, collectively holding over 1 million BTC. Spot BTC ETFs absorbed billions in inflows, often outpacing weekly mining issuance sixfold.

Ethereum (ETH) staged a strong recovery thanks to the successful Pectra upgrade in May, improved staking infrastructure, and surging ETF inflows. ETH outperformed BTC by over 30% in certain weeks and led a DeFi resurgence, particularly through AAVE, which hit $30B in TVL. Meanwhile, the ETH/BTC ratio spiked and options flows signaled strong upside bets toward $3K and $6K strikes.

Regulatory winds shifted favorably: SEC Chair Atkins expressed openness toward DeFi innovation, and the GENIUS Act on stablecoins passed the Senate, signaling bipartisan movement toward clearer rules. XRP saw renewed momentum amid ETF speculation, and SOL gained ETF tailwinds as the SEC reportedly fast-tracked filings. Coinbase acquired Deribit for $2.9B, betting big on crypto derivatives.

Despite occasional liquidations from macro shocks, crypto remained firmly bid throughout Q2, increasingly behaving as both a macro hedge and a high-beta risk asset. With stablecoin adoption rising, altcoin ETF approvals pending, and institutional appetite intact, crypto enters Q3 with strong structural tailwinds.

Timeline

Apr

- Bitcoin surged 14% in April, decoupling from U.S. equities and hitting safe-haven status with institutional inflows led by BlackRock.
- Altcoins rotated heavily; Solana led DEX volumes and outperformed BTC/ETH, while memecoins and XRP also rallied.
- BTC dominance jumped above 64% and volatility fell below S&P 500 levels, reinforcing its 'digital gold' appeal.
- Regulatory tailwinds boosted sentiment: MicroStrategy bought more BTC, new ETF filings progressed, and Ripple made strategic moves.

May

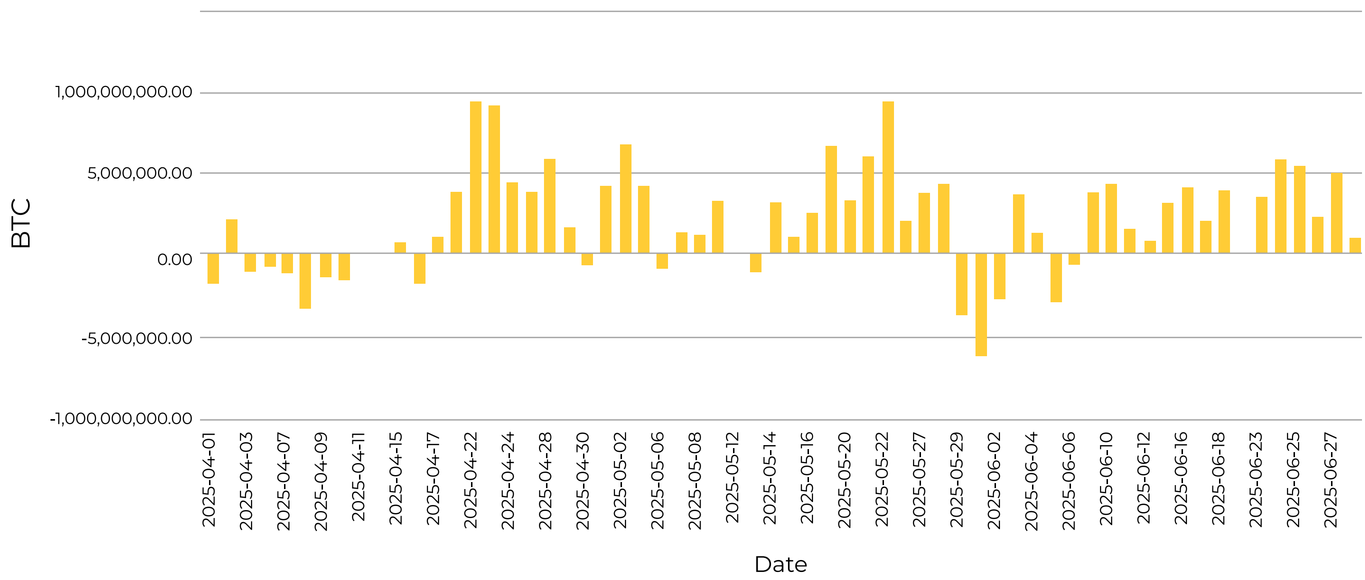
- Bitcoin hit a new all-time high above $112K, while Ethereum outperformed BTC by 30% on the back of its Pectra upgrade and DeFi growth; altcoins rallied with renewed "altseason" buzz.
- U.S. spot BTC ETFs saw $5.85B in inflows—nearly double April—with BlackRock's IBIT leading; ETF volatility hit record lows, attracting institutional capital.
- Major corporate moves included Coinbase's $2.9B Deribit acquisition, GameStop's 4,710 BTC purchase, and continued BTC accumulation by MicroStrategy and Japan's Metaplanet.
- DeFi milestones included AAVE's TVL soaring 50% to $30B and new players like Cetus gaining traction, though security concerns resurfaced after a $260M exploit.
- Regulatory wins boosted sentiment: SEC dropped its Binance case, stablecoin legislation advanced, and crypto retirement restrictions were eased, signaling growing mainstream acceptance.

Jun

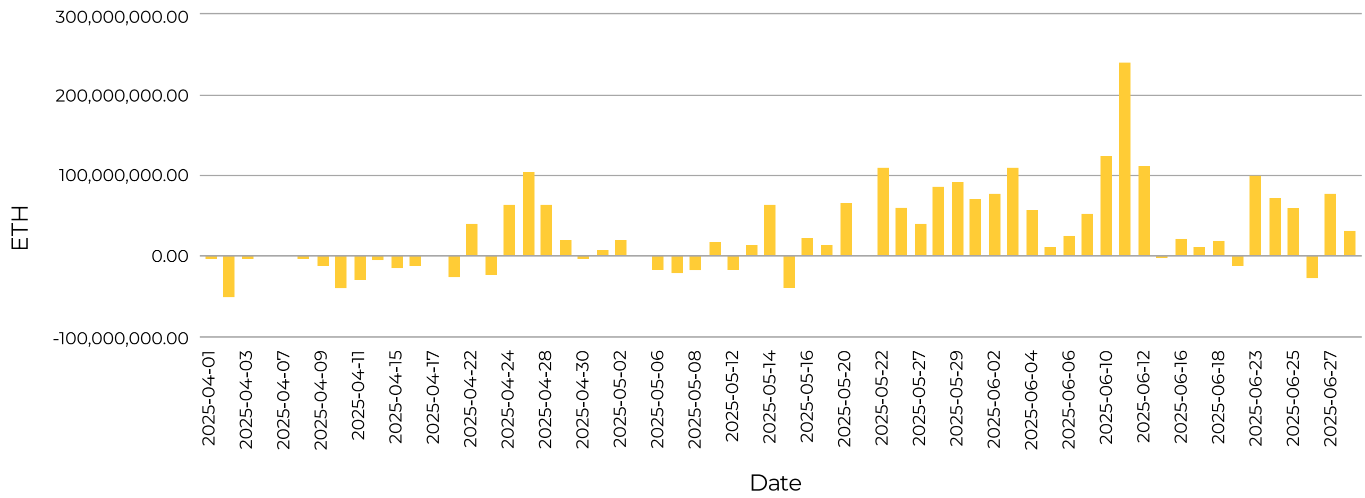
- Bitcoin traded between $99K–$110K, supported by $2.2B in spot ETF inflows despite long-term holder selling and geopolitical noise; volatility dropped to multi-month lows.
- BlackRock's IBIT became the fastest ETF to surpass $70B AUM; ETH ETFs also attracted $1.2B, driving traditional finance participation.
- Ethereum outperformed majors, boosted by regulatory optimism and ETF flows; DeFi tokens (AAVE, UNI, CRV, HYPE) rallied, and SOL gained on rising ETF approval odds.
- Corporate adoption accelerated: Strategy added $1B in BTC, Metaplanet surpassed Coinbase in holdings, and ProCap announced a $1B SPAC.
- Regulatory shifts were mixed—GENIUS Act passed the Senate (stablecoin support), Circle's IPO soared 500%, while Barclays banned crypto card purchases—reflecting divergent institutional stances.

ETF Flows

Daily BTC Flows



Daily ETH Flows



BTC vs. ETH ETF Snapshot

BTC

Cumulative Total Net Inflow

$49 Billion

Total Net Assets

$134.1 billion

Avg volume

$3.2 billion

Avg Net Flow

$206.5 million

ETH

Cumulative Total Net Inflow

$4.2 Billion

Total Net Assets

$10.3 Billion

Avg volume

$428.4 Million

Avg Net Flow

$29 million

Institutional Initiatives

Cantor Fitzgerald's $3.6 Billion Crypto Venture (Twenty One Capital)

Cantor Fitzgerald, backed by SoftBank, Tether, and Bitfinex, launched Twenty One Capital—a new crypto venture with an initial holding of ~42,000 BTC. This strategic move positions it to rival treasury-focused firms like MicroStrategy and signals growing institutional consolidation in Bitcoin holdings.

Circle (CRLC) Goes Public and Applies for National Trust Bank Charter

Circle's IPO (CRCL) experienced a significant surge, rising nearly 500% above its IPO price after going public on June 5th. This surge is largely attributed to the U.S. Senate passing the GENIUS Act, a bill regulating stablecoins, and the overall growth of the stablecoin market. In other news, Circle Internet Group filed with the OCC to create First National Digital Currency Bank, N.A., enabling it to house USDC reserves and offer institutional custody. The bank seeks to align with U.S. stablecoin regulations (e.g., the Genius Act) and enhance trust in its infrastructure.

FDIC Eases Bank Crypto Participation Requirements

In April, FDIC rescinded its 2022 guidance, allowing insured banks to engage in crypto activities (custody, stablecoin reserves, DLT systems) without prior approval. This signals a shift toward mainstream financial integration.

Societe Générale Launching USD-Pegged Stablecoin

European banking group SG Forge will issue "USD CoinVertible," a dollar-backed stablecoin on Ethereum and Solana. Launching in early July, this move marks significant institutional stablecoin adoption in Europe.

Pakistan Crypto Council Formed, Launches Strategic BTC Reserve

Pakistan established the government-backed Pakistan Crypto Council (PCC) in March, appointed CZ as advisor, and announced a strategic Bitcoin reserve in May. They also allocated 2,000 MW of power for mining and AI, marking a bold sovereign crypto initiative.

Tron Group (Justin Sun) goes public via reverse merger

Justin Sun executed a reverse merger between Tron and toy-maker SRM Entertainment, rebranding the SPAC to "Tron," raising about $100 million to support a TRX treasury strategy as it transitions to a U.S.-listed public entity.

Crypto M&A that Defined Q2

coinbase → Deribit **($2.9 b)**

Coinbase finalized its largest acquisition yet, acquiring Deribit, the premier Bitcoin and Ethereum options platform, for $2.9 billion in a deal comprising $700 million in cash and 11 million shares. The acquisition strengthens Coinbase's position in the derivatives space and marks a wave of consolidation in crypto.

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kraken → NINJATRADER **($1.5 b)**

In Q1, Kraken inked a $1.5 billion deal for NinjaTraders, signaling renewed confidence in strategic, high-value crypto-native acquisitions. Kraken's acquisition deal enables it to integrate traditional derivatives into its platform, while allowing NinjaTrader users to access crypto markets.

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ripple → HiddenRoad **($1.25 b)**

Ripple continued its institutional push by acquiring prime broker Hidden Road for $1.25 billion, aiming to integrate post-trade operations onto the XRP Ledger. With the acquisition, Ripple becomes the first crypto company to own and operate a global, multi-asset prime broker.

Robinhood → WonderFi **($180m)**

Robinhood recently agreed to acquire Canadian crypto-platform operator WonderFi in an all-cash deal valued at approximately C$250 million (~US $179 million). The deal, gives Robinhood immediate access to WonderFi's regulated exchanges (Bitbuy, Coinsquare), ~C$2.1 billion in assets under custody, and a user base of over 1.6 million Canadians. Strategically, the acquisition supports Robinhood's ambition to expand beyond U.S. equities into global crypto, reinforcing its transition into a holistic financial services provider.

SECURE DIGITAL MARKETS

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Derivatives Update

Q2 2025 Derivatives Update

The crypto options market saw rapid growth throughout Q2 2025, with Bitcoin and Ethereum options both posting major gains in open interest and trading volumes. However, implied volatility levels compressed sharply, reflecting shifting risk dynamics.

- Bitcoin options open interest doubled from ~$20B in early April to over $40B by mid-June, before a modest pullback as traders rolled positions forward.
- Ethereum options open interest grew from ~$3B to above $7B by mid-June.
- Deribit maintained roughly 80% market share, with OKX, Binance, and Delta Exchange splitting the remainder.
- Options volumes peaked in May near all-time highs: over $100B for BTC and $25B for ETH.
- Bitcoin short-dated implied volatility fell from the 55%-60% range to below 40%, reflecting fewer sharp moves and more institutional short-vol strategies.
- Covered call strategies gained traction, as traders sold calls to generate yield from elevated implied volatility.
- ATM implied volatility term structures flattened, with short-term vol converging toward longer-dated vol, suggesting reduced near-term hedging demand.

The surge in activity highlights a deepening, increasingly liquid derivatives market. However, the sharp drop in volatility points to a more complacent environment, with limited near-term risk priced in. Heading into Q3, market participants should watch for potential volatility shifts around key macro events and closely track rolling flows and sentiment shifts.

Futures

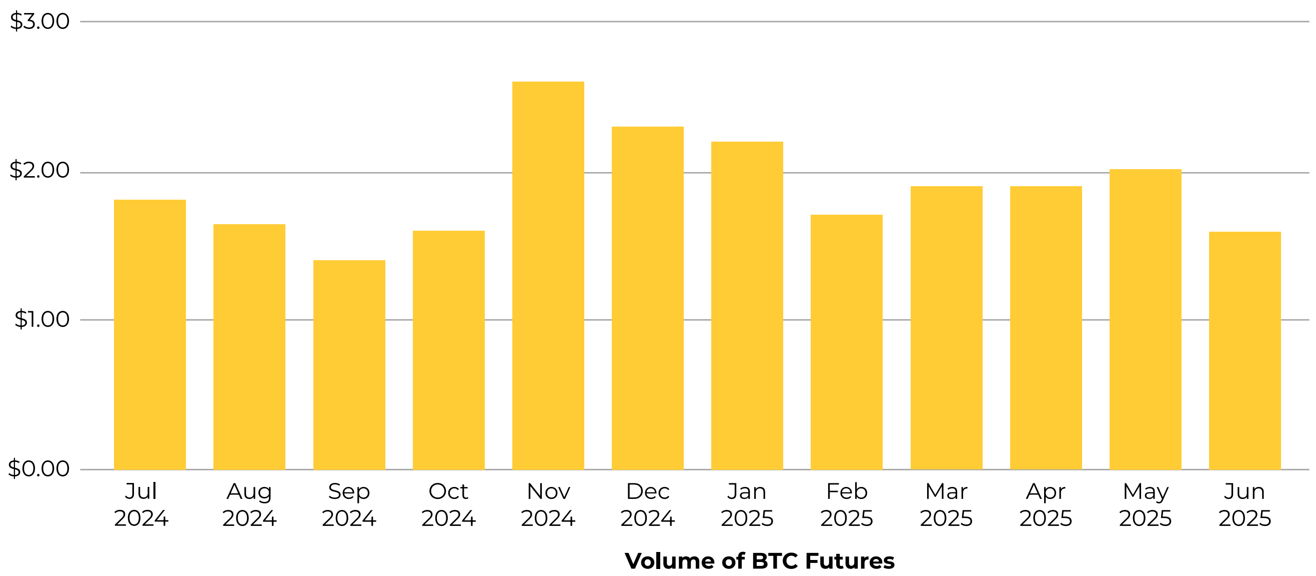
Crypto futures markets saw notable growth in Q2 2025, particularly in Ethereum, as institutions deepened their engagement and traders showed more comfort with leveraged positioning.

- Monthly Bitcoin futures volume rose from ~$1.1T in April to nearly $1.4T in June, led by perpetual swap activity on Binance, Bybit, and OKX.
- CME Bitcoin futures set new monthly volume records in May, showing institutional interest in regulated venues.
- Ethereum futures volume nearly doubled over the quarter, signaling increased appetite for leveraged ETH exposure.
- Bitcoin perpetual funding rates fell from +0.010% in April to +0.006% in June.
- Ethereum funding rates turned negative in mid-May, then normalized to around +0.004% by quarter-end.

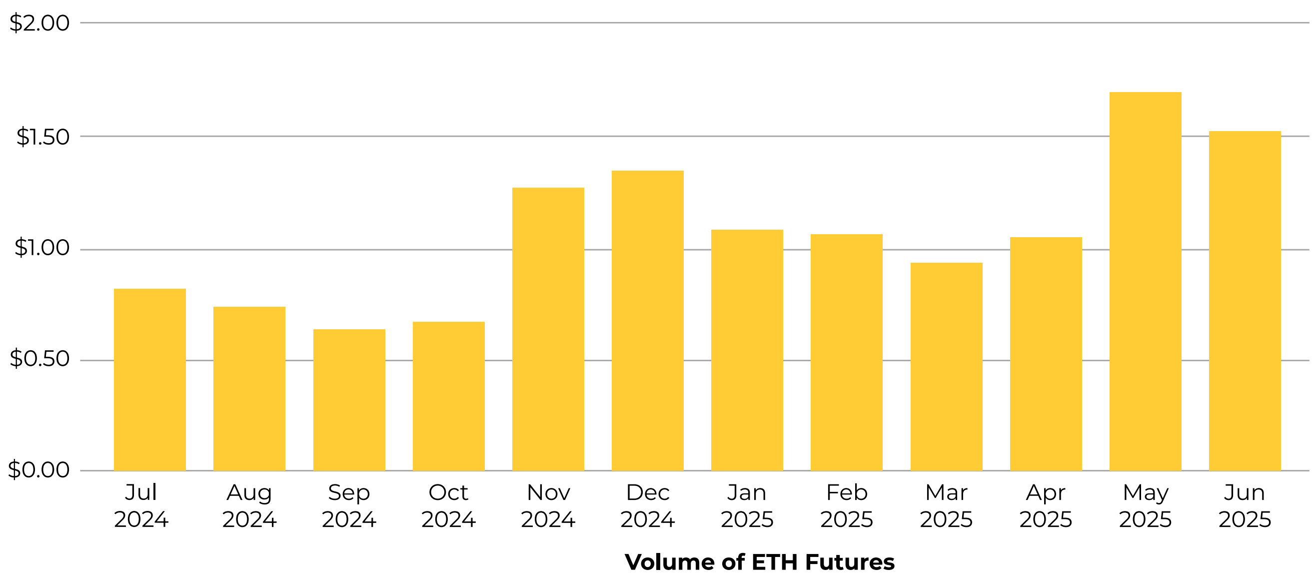
- The three-month basis flattened from above 8% APR to around 4–5% APR, indicating reduced term and convexity premiums.

Together, these trends point to a futures market that is larger, more liquid, and more institutionally driven—with traders increasingly comfortable carrying leverage until the next major volatility trigger emerges.

Volume of BTC Futures (In Trillion)



Volume of ETH Futures (In Trillions)



Options

The crypto options market saw rapid growth in Q2 2025, with Bitcoin and Ethereum both posting substantial increases in open interest and trading volumes. Despite this expansion, volatility measures compressed sharply, reflecting shifting market dynamics.

- Bitcoin options open interest nearly doubled from ~$40B in early April to over $60B by mid-June, before a modest pullback as positions were rolled forward.

- Ethereum options open interest climbed from ~$3B to just above $7B by mid-June.

- Market share remained stable:

    - Deribit: ~80–85%.
    - OKX: ~8–10%.
    - Binance: ~3–5%.
    - Delta Exchange: Low single digits.

- Deribit trading volumes rose ~20% quarter-over-quarter for Bitcoin options, driven by both retail and institutional activity.

- CME Bitcoin options volumes peaked around $350M in May, signaling greater institutional hedging.

- Bitcoin DVol Index fell from mid-70s to low-40s by late June, despite spot prices rising from~$28K to above $30K.

- Ethereum DVol eased from highs of 85 to mid-60s by quarter-end, with ETH steady around $2.4K.

- Variance premia narrowed or turned slightly negative, signaling reduced demand for tail-risk hedging.

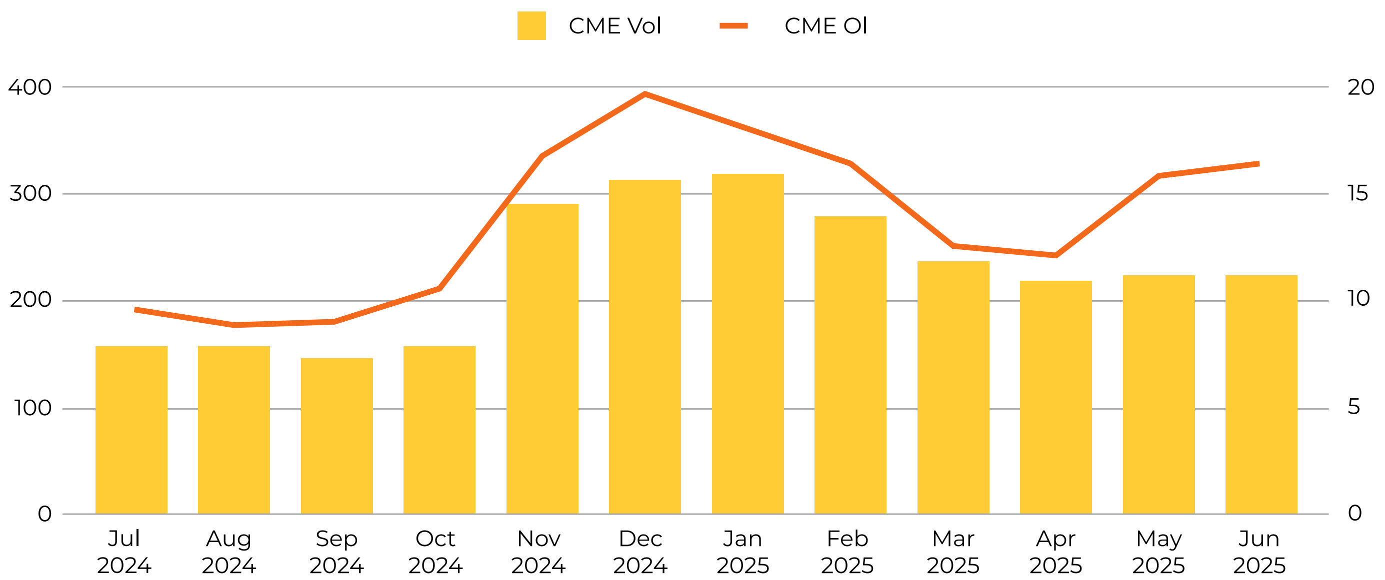
- Bitcoin put/call ratio held steady around 0.5–0.6; Ethereum's ratio rose from 0.4 to 0.8, then settled near 0.7, indicating increased downside hedging in ETH.

- Implied volatility term structures flattened, with short-dated vol converging toward 90- and 180-day levels, pointing to reduced near-term hedging needs.

- Open interest remained heavily concentrated around the June 27 expiry (~$25B BTC OI), with significant flows into September and December expiries as traders extended positions into Q4.

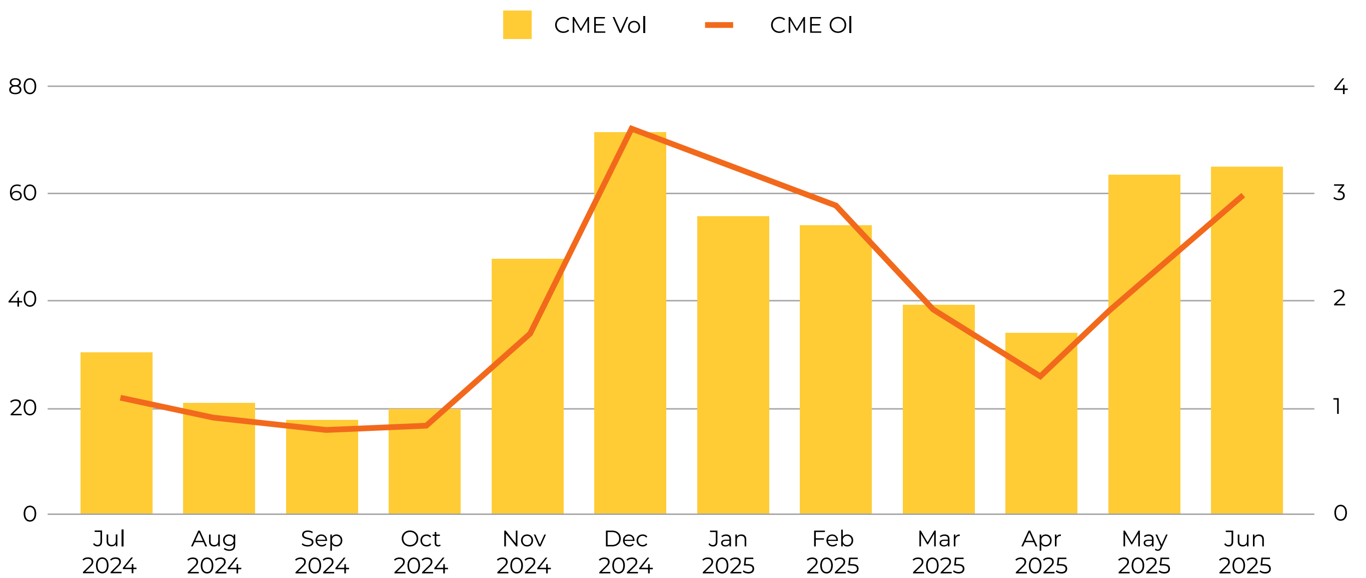
This surge in activity highlights the growing depth and liquidity of crypto options markets. However, the sharp drop in volatility and narrowing of variance premia suggests a market that, for now, is pricing in limited near-term risks—making Q3 positioning around major macro events especially critical to watch.

Volume and OI of CME BTC Futures



Volume and OI of CME BTC Futures

Volume and OI of CME ETH Futures



Volume and OI of CME ETH Futures

SECURE DIGITAL MARKETS

07

Crypto Treasuries

The Rise of The Crypto Treasury

The rise of “crypto treasury” firms, publicly listed corporations accumulating digital assets such as Bitcoin, has become one of 2025’s most talked-about financial phenomena. These enterprises attract both institutional and retail capital by offering regulated, familiar equity vehicles that provide crypto exposure, no need for self-custody or managing wallets with hacker risk.

By structuring their balance sheets to hold crypto assets within a public-equity framework, these companies sidestep operational and compliance hurdles, delivering custody, tax transparency, and liquidity within investor-friendly structures. As a clear gateway to crypto, these equities trade like synthetic ETFs for digital assets.

Financing Crypto Accumulation

These companies typically raise capital through convertible debt, equity issuance, or preferred stock, then allocate proceeds to crypto purchases. MSTR pioneered this approach via repeated rounds of equity, debt, convertible debt, and preferred-share sales, helping amplify their Bitcoin-per-share metric, which in turn boosted its stock price and BTC holdings.

The leverage effect means that when crypto prices climb, shareholders enjoy magnified equity returns. Effective corporate leverage creates a symbiotic “flywheel” as outlined by industry veterans like Cantor’s Brett Knoblauch.

The Microstrategy Blueprint

Strategy redefined the role of corporate balance sheets in the digital asset era.

What began in August 2020 as a strategic pivot under Michael Saylor, to convert idle corporate cash into Bitcoin, has since evolved into a full-fledged financial framework that more than 140 public companies worldwide are now emulating. Today, Strategy holds approximately 597,325 BTC, valued at over $65 billion, making it by far the largest corporate holder of Bitcoin globally and 11th among U.S. corporate treasuries, close to NVIDIA's $66 billion in cash.

Initially known as a business intelligence and enterprise software firm, Strategy leveraged its consistent EBITDA from legacy operations to cover operating costs while aggressively financing its Bitcoin accumulation through capital markets. The funding structure has become increasingly sophisticated over time, beginning with cash reserves and transitioning into a blend of common equity issuance, convertible debt, and more recently, preferred stock offerings.

Each round of capital raise was followed by large-scale Bitcoin acquisitions, which not only absorbed considerable market supply, exerting upward pressure on BTC's spot price, but also reshaped how investors valued MSTR itself. Traditional software metrics were increasingly sidelined in favor of crypto-native financial metrics such as "Bitcoin per Share", "Bitcoin NAV Premium", and even "Implied Bitcoin Yield".

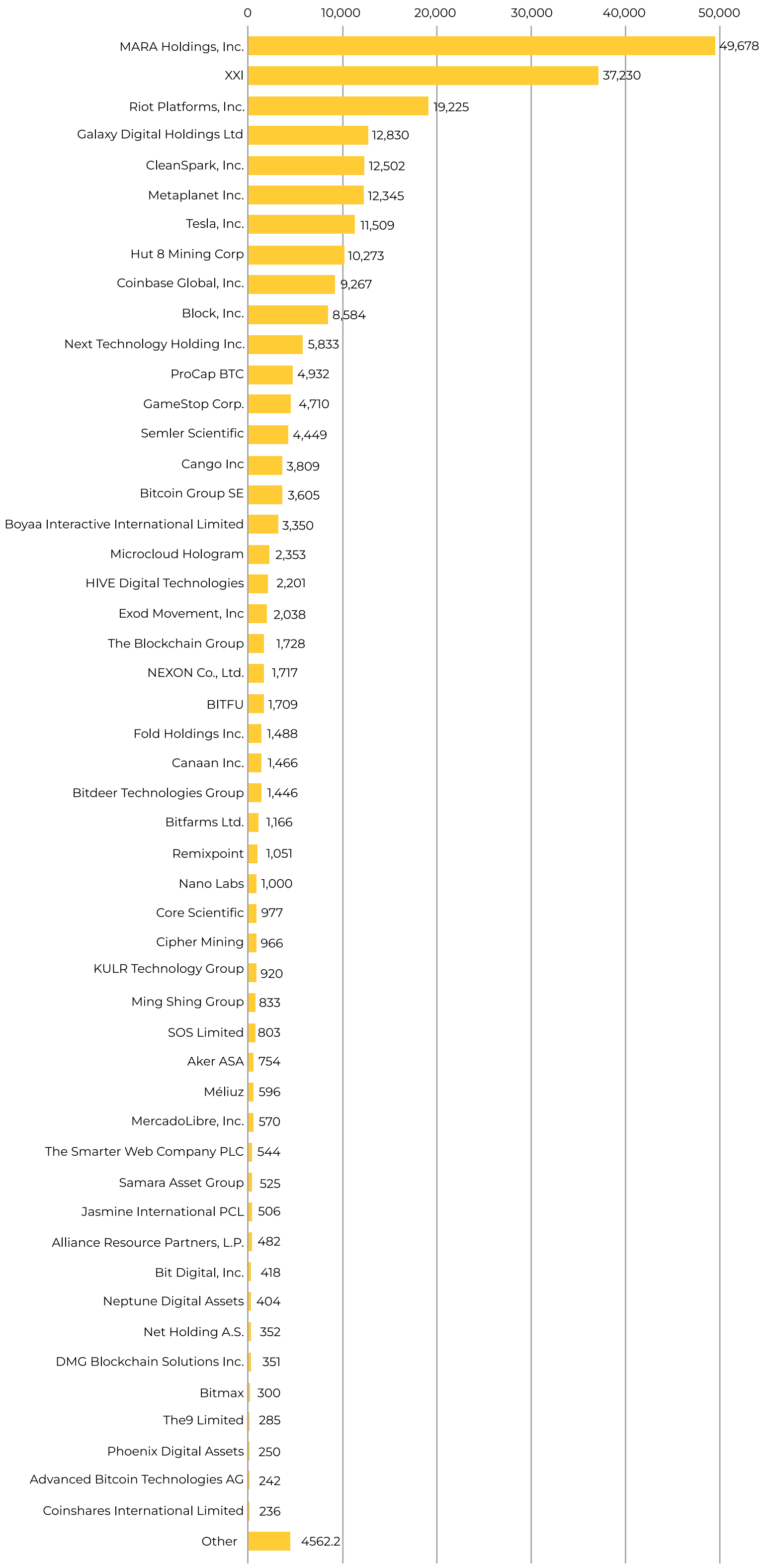
This dual impact, on both the crypto and equity markets, created a flywheel effect: Bitcoin acquisitions boosted MSTR's share price; the rising share price enabled more capital raises; and new capital funded further Bitcoin purchases, reinforcing the cycle. In 2024, Strategy's stock had rallied over 3,000% since the start of its Bitcoin strategy, significantly outperforming both BTC itself and the Nasdaq.

The result has been a new category of equity investment: leveraged Bitcoin proxy equities, where the operating business becomes a vehicle to gain exposure to Bitcoin, often with magnified volatility and return profiles.

Detailed Analysis

Bitcoin Holdings & Treasury Dominance

Bitcoin Holdings (By Company; Excluding MicroStrategy)



Treasury Dominance

Interpretation: These charts reveal the extraordinary concentration of Bitcoin holdings among public companies—with MicroStrategy, Inc. alone controlling 70.4% and the top three public companies collectively holding 80.7% of all publicly held BTC. Notably 56 companies now hold less than 1% each, a potential early signal for a broadening interest in Bitcoin treasuries from smaller market participants.

Notable Movers

- **DeFi Development Corporation (formerly Janover Inc.)**
  One of the most explosive performers of the year, this former commercial real estate lending platform rebranded in April 2025 after pivoting toward a Solana-focused DeFi strategy. Since the transition, the stock has soared more than 5,300%, highlighting investor appetite for microcap vehicles offering leveraged exposure to high-beta digital asset ecosystems.

- **Metaplanet Inc.**
  This Tokyo-based hospitality firm transformed itself into Japan's de facto Bitcoin treasury proxy. Since making its first BTC purchase in April 2024, Metaplanet's stock has climbed over 6,000%. Year-to-date, shares are up roughly 320%, as it continues to add to its Bitcoin position and strengthen its narrative as "Asia's MicroStrategy." The firm also garnered attention for adding Eric Trump to its board, a move that fueled further media and investor interest.

- **GameStop Corp. (GME)**
  In April 2025, GameStop unveiled a $1.5 billion convertible note offering, an upsized raise from an initial $1.3 billion target, due to strong investor interest. The company disclosed that part of the proceeds would be allocated to acquiring Bitcoin and stablecoins, signaling a transition from meme stock to crypto-treasury hybrid. This marked a strategic pivot aiming to reinvigorate its capital markets narrative and tap into crypto's monetary premium.

- **Trump Media & Technology Group**
  In May 2025, Trump Media secured approximately $2.3 billion from a mix of equity and convertible debt issued to around 50 institutional investors. The SEC approved the registration on June 13th, allowing the firm to move forward with plans to establish a corporate Bitcoin treasury. This event marks one of the most prominent intersections of politics, media, and crypto capital strategy in 2025.

- **Twenty One Capital** A rising force in the corporate crypto ecosystem, Twenty One Capital is backed by both Tether and SoftBank. The firm is currently merging with a SPAC affiliated with Cantor Fitzgerald (led by the Lutnick family) at a proposed enterprise value of $3.6 billion. The deal is expected to unlock substantial market exposure to digital asset strategies within a high-profile capital markets structure.

- **Semler Scientific**
  This U.S. healthcare-tech firm became a trailblazer in May 2024 by designating Bitcoin as its principal treasury reserve. Since then, Semler has built a sizable Bitcoin portfolio with over 4,449 BTC valued at around $500 million). The company uses a proprietary KPI called "BTC Yield", tracking unrealized gains net of dilution, which stands at 29% year-to-date. In June 2025, Semler appointed Joe Burnett (formerly of Unchained and Blockware) as Director of Bitcoin Strategy, and set aggressive targets: 10,000 BTC by end-2025, 42,000 by 2026, and 105,000 by 2027 Semler trades at a slight premium to NAV, enabling accretive BTC purchases without disadvantaging existing shareholders.

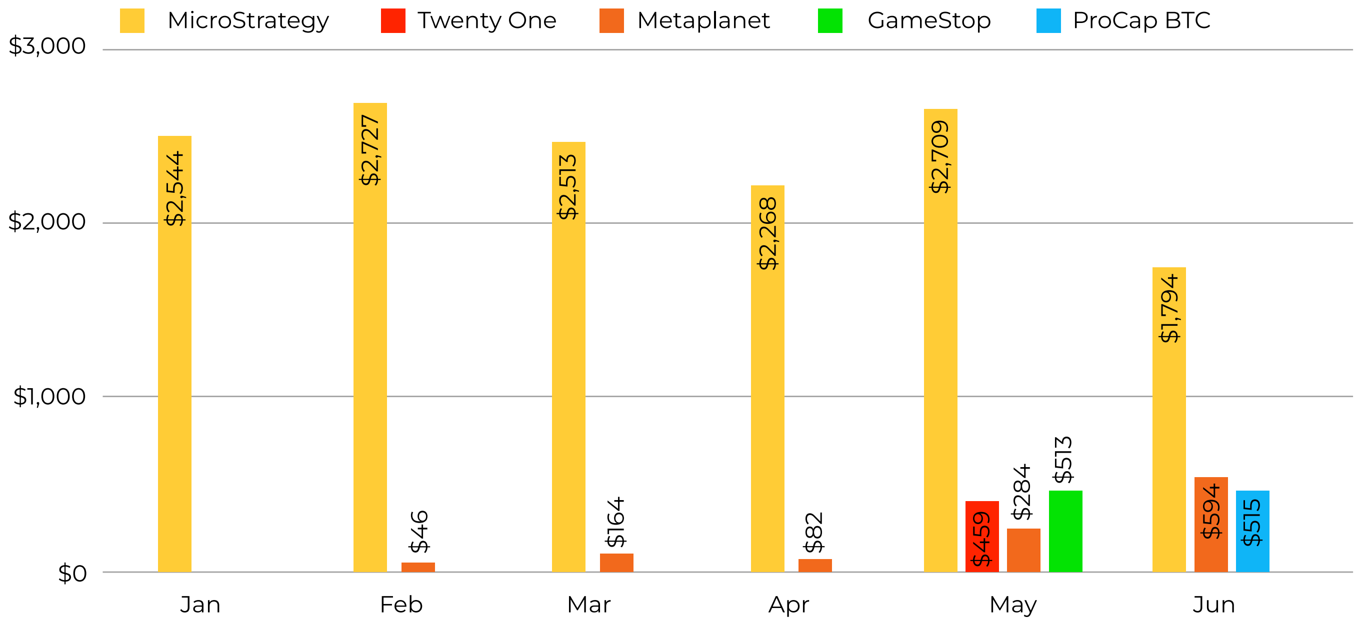
- **BitMine Immersion Technologies**
  Taking a slightly different path, BitMine, a Bitcoin mining infrastructure firm, announced a $250 million private placement in June 2025 to establish a corporate Ethereum treasury. Notably, the company named Thomas Lee, CNBC regular and founder of Fundstrat Global Advisors, as chairman of its board. This signals an intent to blend deep research expertise with operational execution, and possibly appeal to institutions seeking ETH-native yield and DeFi exposure.

A popular strategy treasury companies have adopted in an attempt to distinguish themselves from each other is to attach well-known figures to their advisories:

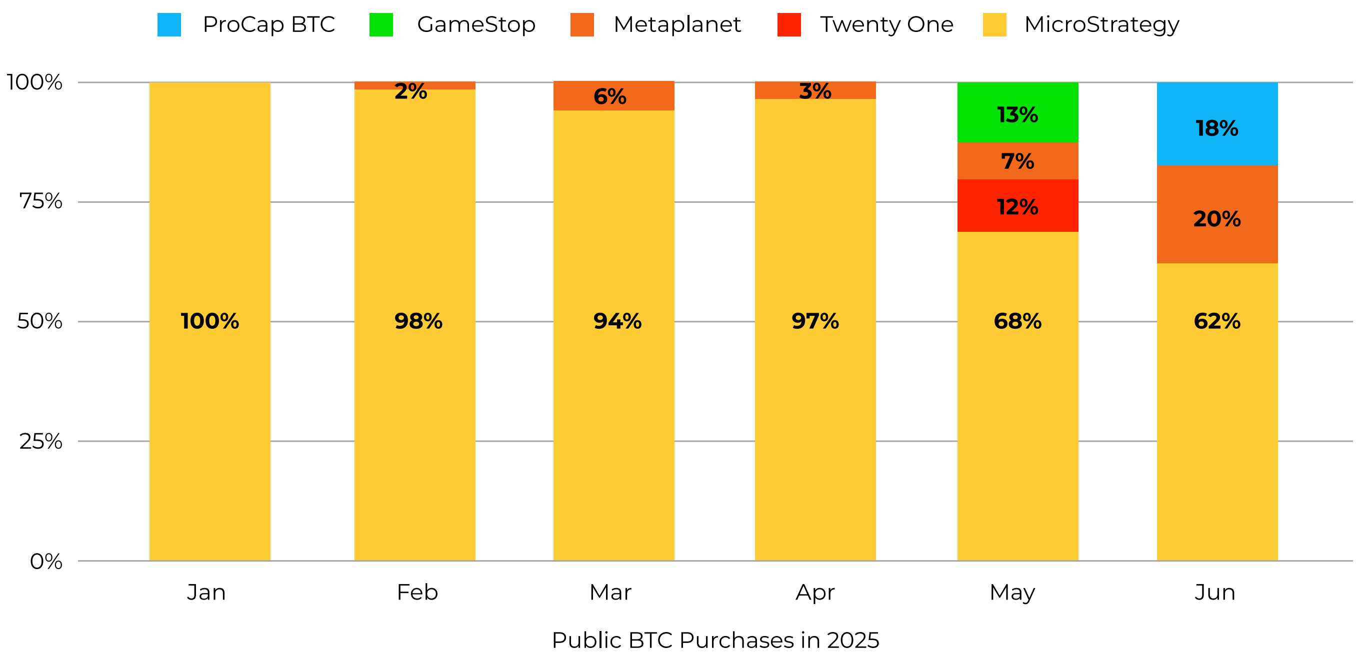
- Eric Trump (Metaplanet board member), adding political visibility and access to a U.S. audience.
- Joe Lubin, Ethereum co-founder and chairman of Sharplink Gaming, a U.S. sportsbook operator that is now pivoting into an Ethereum treasury model.
- Thomas Lee (BitMine Immersion), who brings research legitimacy and mainstream media clout.

These moves reflect a broader trend: public crypto treasuries are not just about asset accumulation, they're about signaling, narrative building, and retail/institutional investor engagement.

Public BTC Purchases in 2025 ($ in Millions)



Relative Share of BTC purchases in 2025



“There are now a variety of investors that want to access [crypto] risk in a regulated fashion that fits within their investment mandate”

Jeff Park, Head of Alpha Strategies at Bitwise, a crypto asset manager.

Regulatory Reset

The dramatic uptick in corporate treasury participation in crypto markets during 2025 has not occurred in a vacuum. It coincides with a decisive regulatory pivot by U.S. policymakers and financial authorities toward a more accommodative stance on digital assets, a shift that has materially reshaped the operating environment for both crypto-native firms and traditional enterprises.

Executive-Led Endorsement of Bitcoin

In March 2025, President Trump signed a landmark executive order establishing a U.S. Strategic Bitcoin Reserve, a symbolic and practical endorsement of Bitcoin as a strategic asset class. The move signaled a clear departure from the previous regulatory ambiguity that had long plagued the crypto industry and dissuaded institutional adoption. It also marked a pivotal inflection point in investor sentiment, reducing reputational risk and legitimizing Bitcoin in the eyes of allocators and corporate boards alike.

Regulator Pullback: Barriers Removed

Following the executive order, a coordinated effort among key U.S. financial regulators further dismantled legacy constraints. In a series of rollbacks from March through April 2025, the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the Federal Reserve collectively rescinded prior guidance that had required banks and financial institutions to obtain advance approval before engaging in crypto-related activities.

These policy reversals cleared a major bottleneck in the system. Firms with existing AML/KYC and compliance programs, ranging from fintechs and broker-dealers to publicly listed corporations, can now integrate digital assets into their operations and balance sheets without first seeking regulatory pre-approval. For corporate treasuries, in particular, this has opened the door to adopting Bitcoin and stablecoins in ways previously considered unviable under U.S. banking oversight.

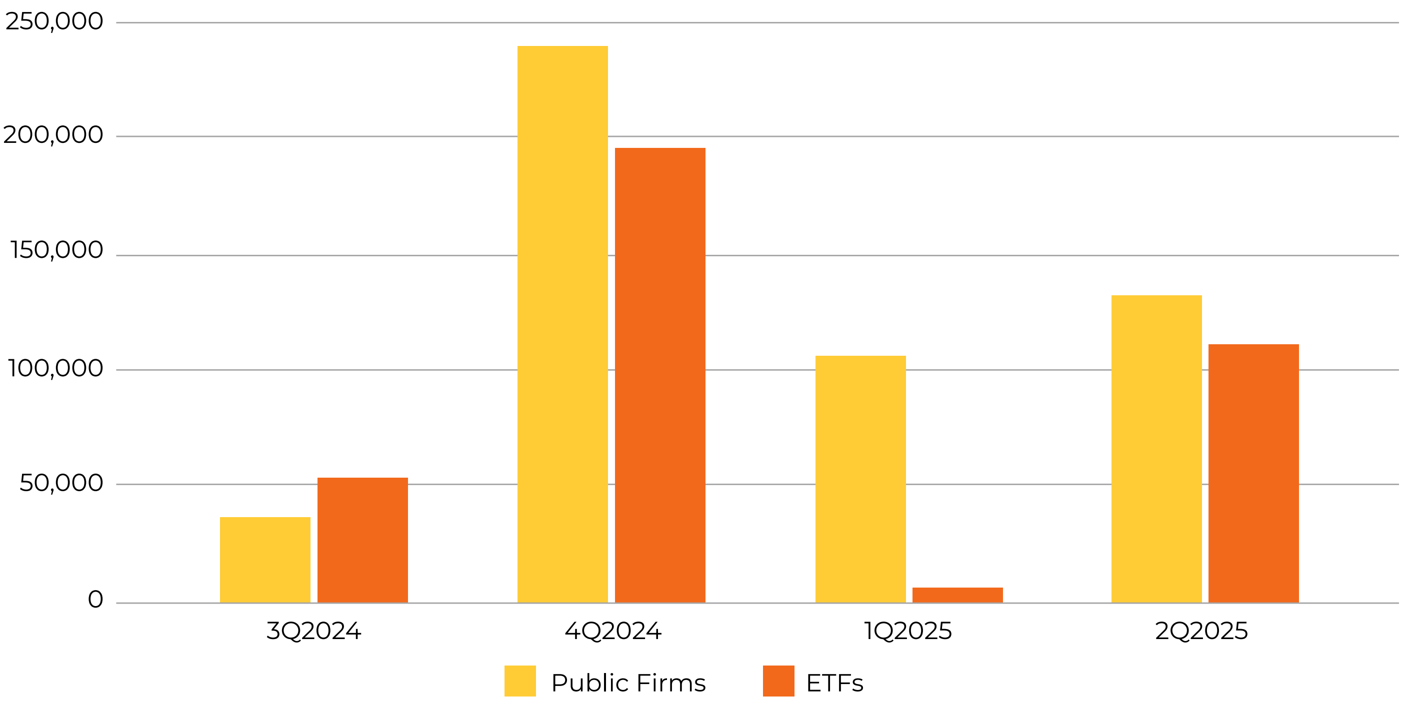
This regulatory shift has profound implications:

- **Wider Corporate Participation:** Non-crypto-native firms now view Bitcoin as a legitimate reserve asset, much like gold or short-duration Treasuries.
- **Balance Sheet Flexibility:** Corporations can deploy idle cash into digital assets for diversification or yield-enhancement strategies, without awaiting uncertain regulator clearance.
- **Capital Market Confidence:** By removing interpretive risk, regulators have enabled deeper liquidity and easier capital raising for public companies embracing the crypto treasury model.

The last major period where Bitcoin ETFs outpaced corporate buyers occurred in Q3 2024, just before the U.S. election. Since Trump's re-election and the ensuing regulatory thaw, the momentum has flipped: public companies have led net BTC accumulation in 2025. The strategic alignment between executive policy and financial oversight has, in effect, catalyzed a corporate arms race for Bitcoin.

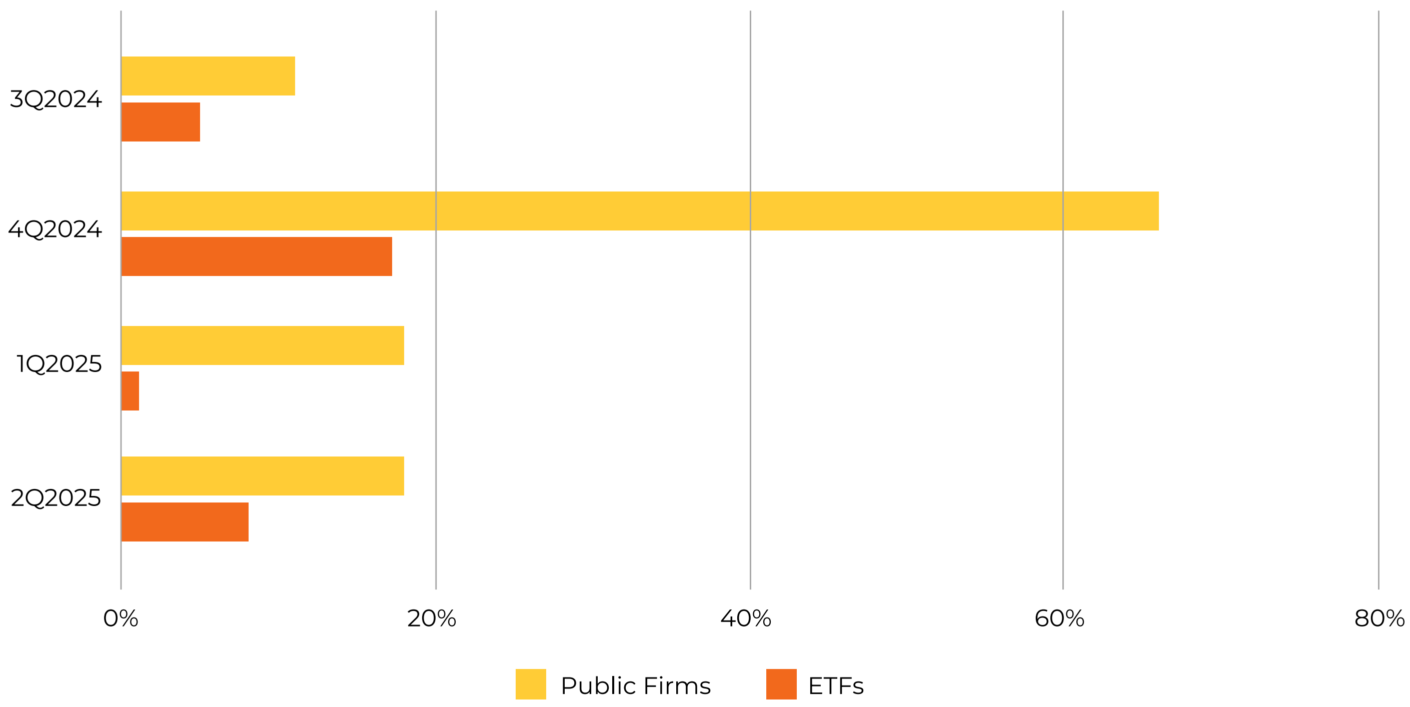
Executive-Led Endorsement of Bitcoin

Quarterly change in BTC



Net BTC flows for public firms and ETFs

% change



- As of Q2 2025, more than 140 public companies globally now hold BTC on their balance sheets
- Over 50 joined in just the first half of the year, enabled, in part, by this regulatory green light, signaling a clear shift in corporate capital allocation strategies.
- Public companies grew their Bitcoin balance about 18%, according to data provider Bitcoin Treasuries, while ETFs showed an 8% increase in the same period.
- Bitcoin ETFs, whose collective U.S. launch in January 2024 was one of the most successful ETF debuts in history, still represent the largest holders of Bitcoin by entity with more than 1.4 million coins held today, representing about 6.8% of the fixed supply cap of 21 million.
- Public companies hold about 855,000 coins, or about 4%.

Bitcoin on Wall Street

90.4 Billion

The combined market value of public company BTC treasuries surpassed $90.4 billion USD by June 2025.

243,615

Public companies added a total of 243,615 BTC to their treasuries in H1 2025.

84.5%

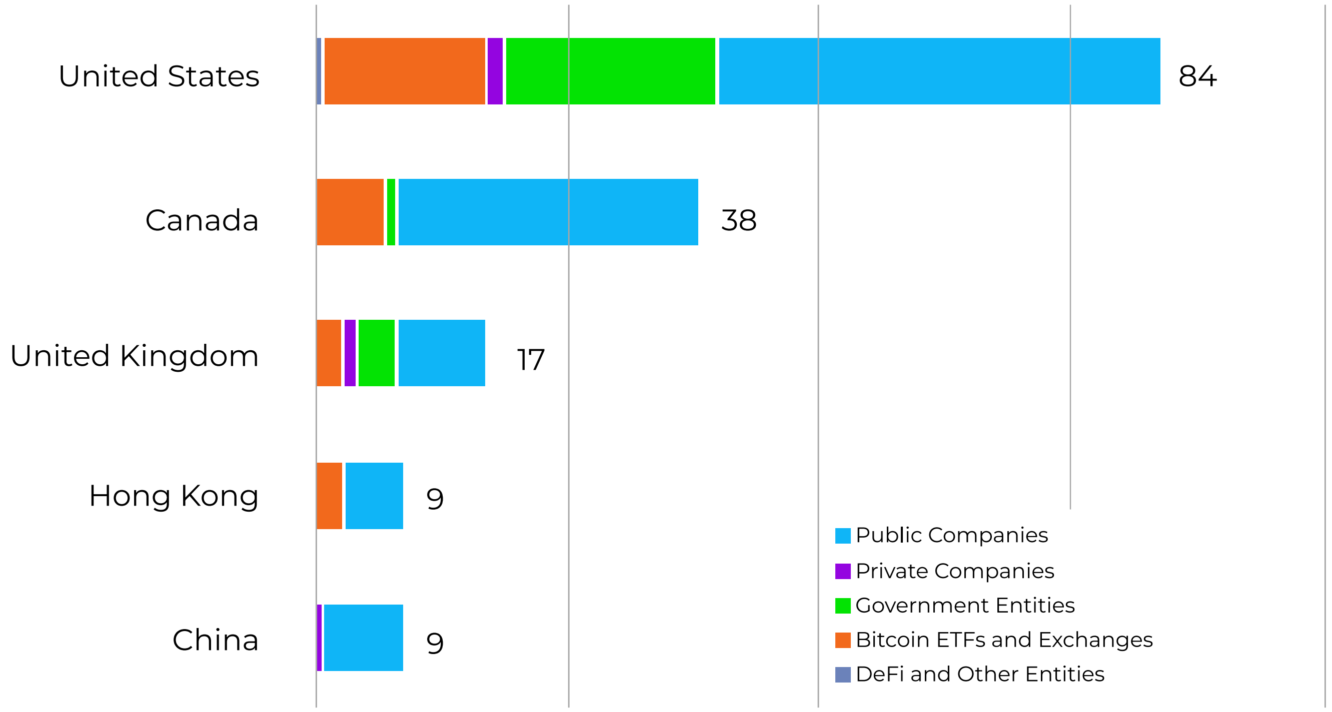
The top 5 Bitcoin-holding public companies control 84.5% of all Bitcoin held by public firms.

These trends signal Bitcoin's accelerating role as a strategic treasury reserve asset among public companies globally.

Bitcoin Holdings by Country

Summary: This chart highlights the dominance of U.S.-based companies in Bitcoin treasury holdings, with firms incorporated in the United States representing 45% of the total market value of all public company Bitcoin treasuries globally.

Treasury Dominance



- There seems to be a strong correlation between regulatory clarity and adoption levels.
- The geographic distribution of these companies is not random, it mirrors the jurisdictions where digital asset regulation has evolved to provide firms with a clear, actionable legal framework for holding and reporting crypto on their balance sheets.

The U.S. remains the dominant hub for crypto treasury firms, thanks in part to its deep capital markets, robust public equity infrastructure, and recent regulatory shifts under the current administration.

Canada has been one of the more progressive countries when it comes to digital asset regulation. It was among the first G20 nations to approve a spot Bitcoin ETF and has established a relatively mature regulatory framework via provincial securities regulators and FINTRAC oversight.

The **UK** has taken a measured approach to crypto regulation, emphasizing financial stability while fostering innovation. The Financial Conduct Authority (FCA) has gradually increased its engagement with crypto firms, and the Treasury has pushed forward efforts to develop a tailored digital asset regime.

Hong Kong's re-emergence as a crypto-friendly jurisdiction in 2023 and 2024 has begun to bear fruit. Its licensing framework for virtual asset trading platforms and efforts to distinguish itself from mainland China's restrictions have helped attract corporate participants and digital asset firms.

There is a clear pattern: companies domiciled in jurisdictions with well-defined, favorable crypto regulations are far more likely to incorporate Bitcoin into their treasuries. Regulatory clarity reduces perceived legal and operational risks, simplifies financial reporting, and provides investor confidence, key considerations for public companies subject to shareholder and board oversight.

As other jurisdictions move to adopt similar regulatory frameworks, we expect the number of publicly listed firms holding Bitcoin to continue rising globally.

Entities holding BTC

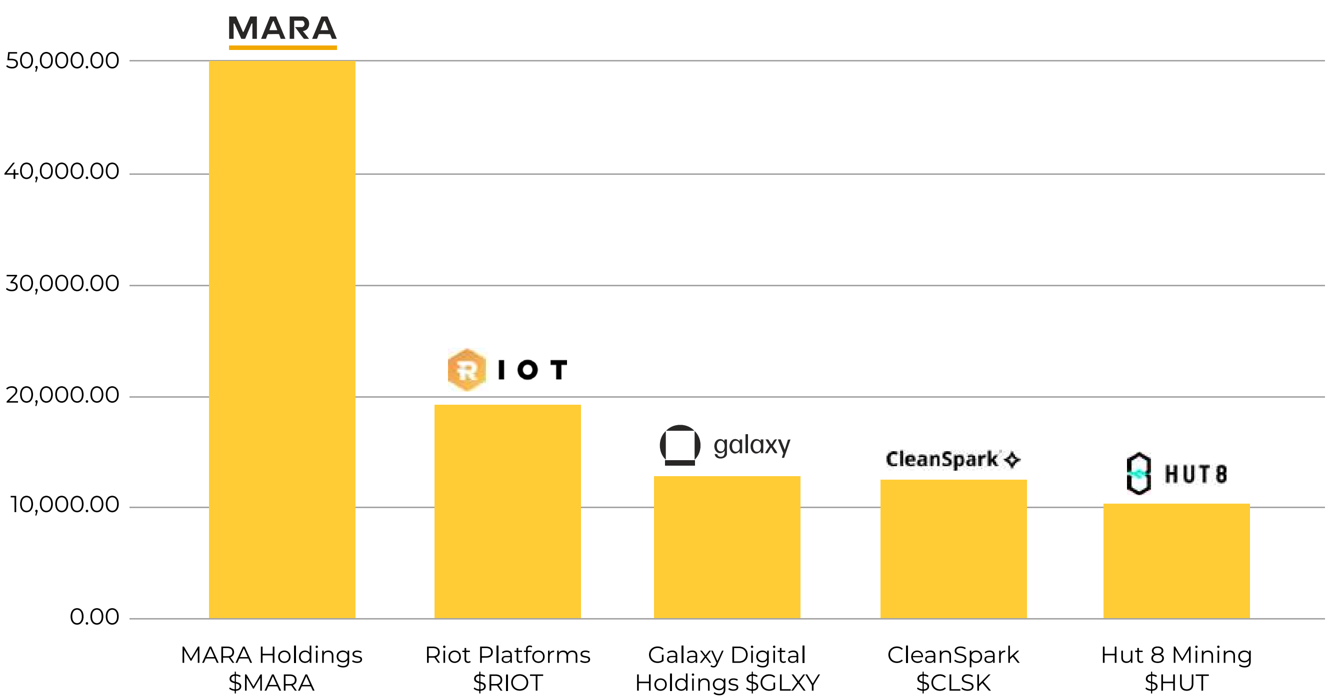
Bitcoin's maturation into a global financial asset is increasingly evident in the diversity of entities that now hold the asset on their balance sheets. As of Q2 2025, the entities known to hold BTC can be broadly categorized into six groups, each with distinct motivations, risk profiles, and strategic intents:

- **Public firms** are incentivized by shareholder metrics and media-driven market value.
- **Private firms** adopt it for flexibility, long-term conviction, and operational liquidity.
- **Funds & ETFs** democratize access through compliant vehicles.
- **Governments** integrate BTC as part of monetary strategy or to circumvent existing financial systems.
- **DeFi** highlights BTC's new role as yield-bearing infrastructure.
- **Exchanges/Custodians** remain vital to onboarding and storage at scale.

Are Miners Holding or Selling?

In previous market cycles, miners were largely "forced sellers", liquidating their BTC on a regular basis to cover operating expenses like energy costs, equipment upgrades, and payroll. But the environment has shifted substantially in 2024–2025, and many of the top firms are now executing what can be described as "balance sheet accumulation strategies."

Top 5 Public BTC Mining (In BTC)



Top 5 Public BTC Mining Holdings

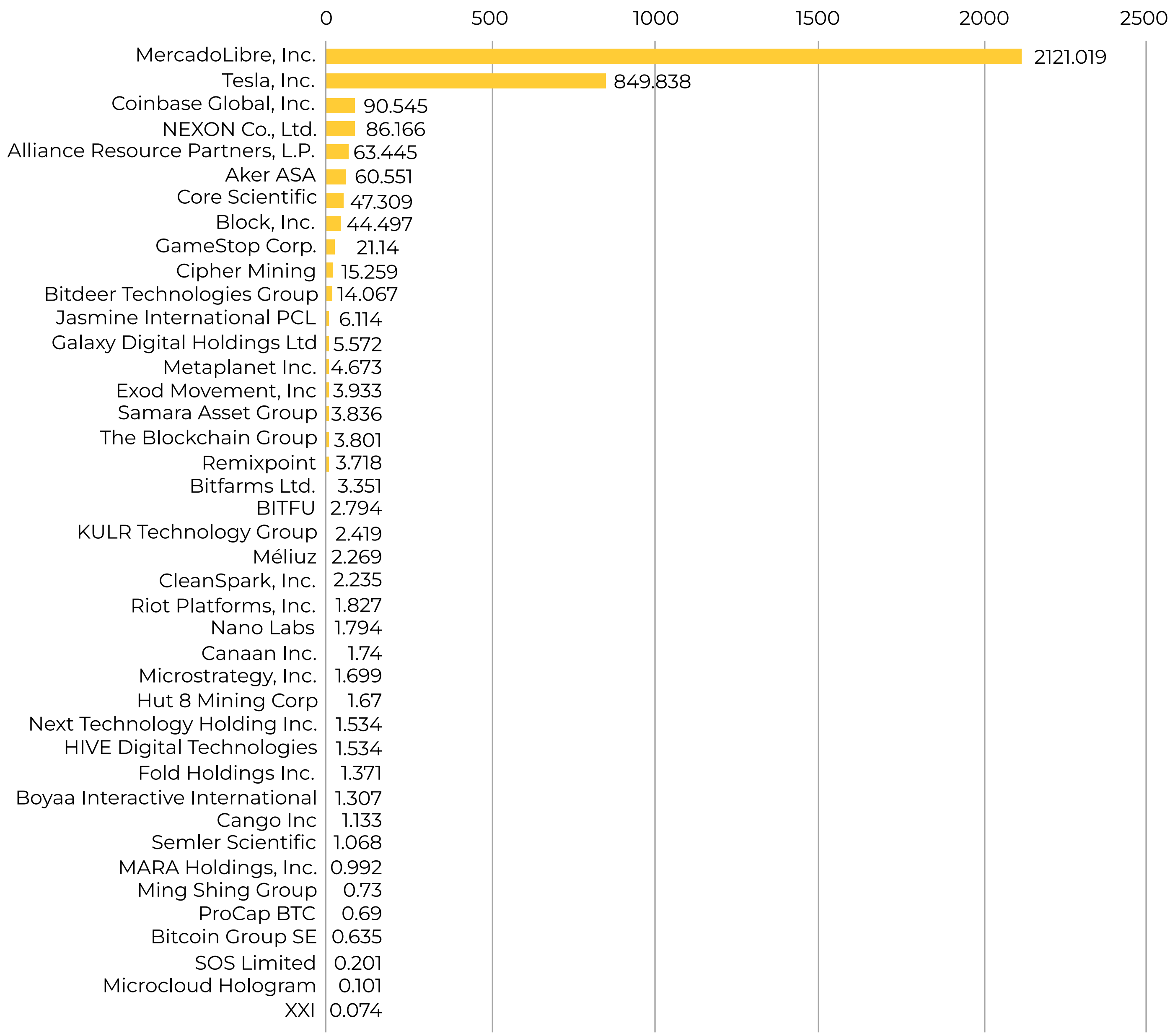
Why Miners are Accumulating BTC

1. Improved Access to Capital Markets
    a. By replacing operational liquidity with external capital, these miners can now hold Bitcoin as a strategic reserve asset.
2. Valuation Premiums Tied to BTC Reserves
    a. Investors increasingly view BTC holdings as a proxy for future upside, and in some cases assign valuation premiums based on “Bitcoin per share” metrics.
3. Bull Market Expectations & Scarcity Thesis
    a. Public miners are positioning themselves as leveraged plays on Bitcoin price appreciation, essentially choosing to “mine and hold” as a form of speculative treasury management.
4. Regulatory Clarity and Institutional Acceptance
    a. This has reduced the perceived risk of holding crypto on balance sheets.
5. Vertical Integration and Diversification
    a. For hybrid firms, holding BTC provides flexibility in risk management, liquidity sourcing, and collateral management, especially in volatile environments.

Public miners with strong balance sheets and capital access have pivoted away from short-term selling toward long-term accumulation. This shift supports a larger narrative: Bitcoin is no longer just an output, it’s becoming the centerpiece of corporate strategy in the digital asset era.

As institutional investors allocate more to crypto-exposed equities, these miners are increasingly valued not just for their hashpower, but for the BTC they hold.

NAV Multiple by Companies Holding 950+ BTC



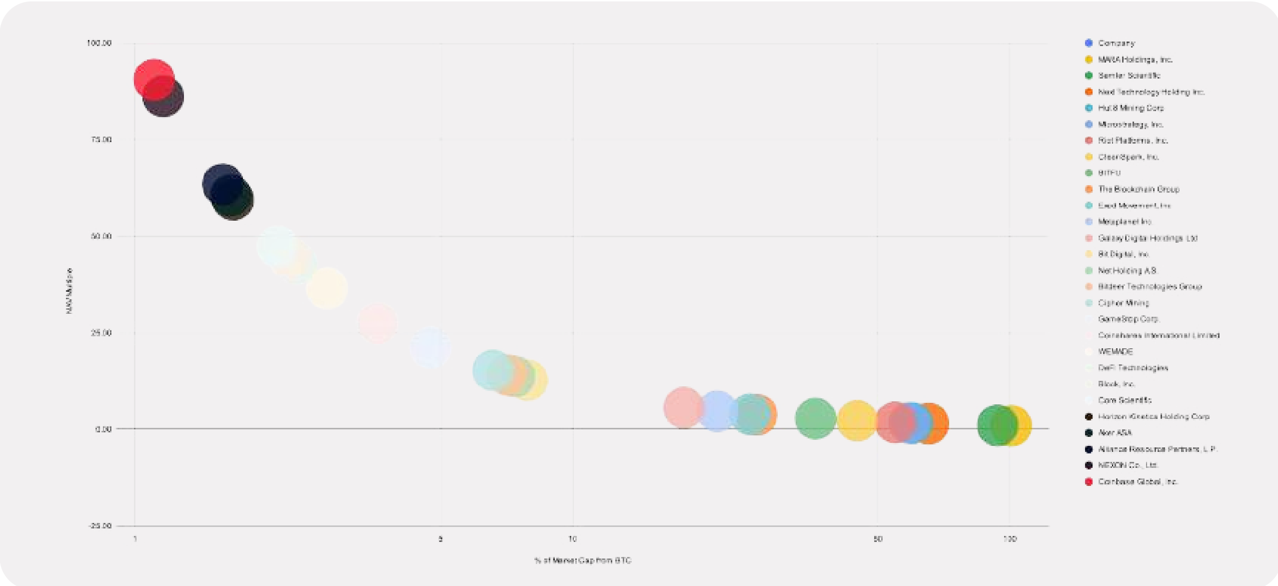
In traditional finance, Net Asset Value (NAV) refers to the value of a company's assets minus its liabilities. For Bitcoin treasury companies, NAV is typically calculated as the market value of their crypto holdings per share.

However, public equities often trade at a premium or discount to NAV, this is known as the NAV multiple. A NAV multiple above 1.0 means the company's stock trades above the value of its underlying crypto holdings.

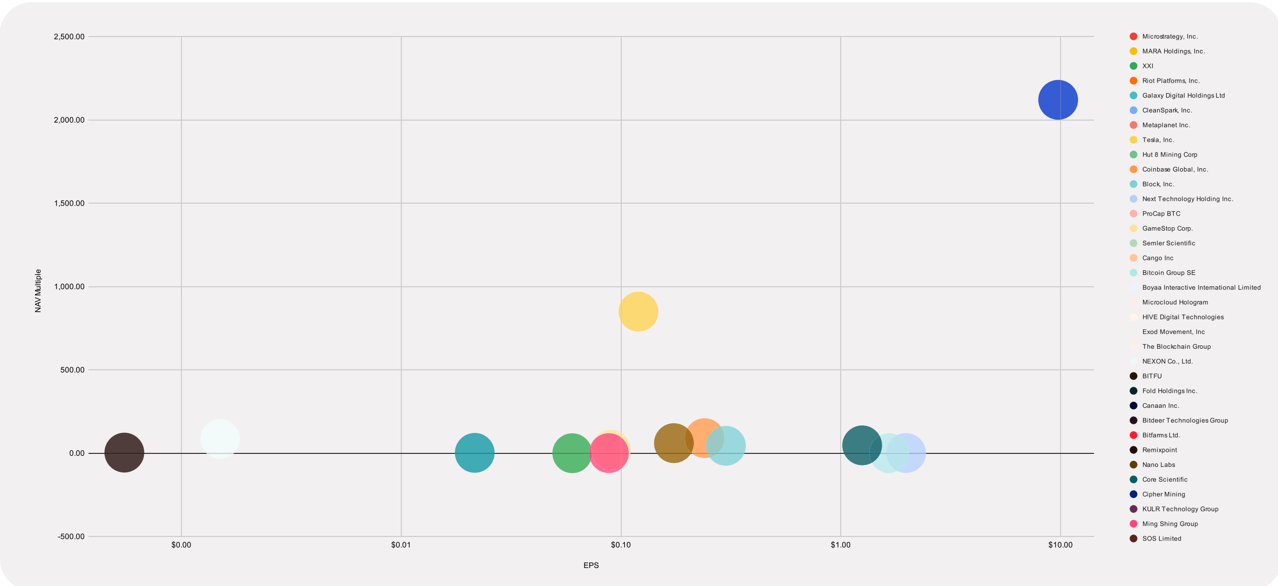
From an institutional lens, NAV multiple analysis should be treated similarly to evaluating P/E ratios in equity markets: A high NAV multiple can signal early-stage growth potential or investor conviction, but only if backed by a credible business model or treasury strategy. High premiums suggest strong investor interest and momentum.

In the case of MercadoLibre ($MELI), the “Amazon of Latin America”, the NAV multiple of 2121x is a sign that its core business is not crypto. The company’s market cap is $125 billion but their crypto holdings are worth only $60 million. Bitcoin is an insignificant fraction of MELI’s balance sheet. While some public companies have added crypto to diversify their treasury, it is important not to categorize all firms with token exposure as true crypto treasury companies.

NAV Multiple vs. % of Market Cap from BTC for Select Large-Cap Bitcoin-Exposed Companies



Nav Multiple vs EPS (Companies Holding 500+ BTC)



Summary

The institutionalization of crypto balance sheets has given rise to a new breed of public companies, vehicles purpose-built for digital asset exposure through regulated, capital markets-based strategies. These firms have emerged as a preferred access point for both institutional allocators seeking liquidity and smaller investors looking for asymmetric upside.

Many believe that large-cap crypto treasury stocks will remain the natural landing spot for institutional flows due to their deep secondary market liquidity and structural transparency. In contrast, smaller or newly converted equities, many of which are thinly traded and highly speculative, may continue to appeal to retail investors or opportunistic hedge funds searching for early-stage growth potential, especially those who feel they missed the initial run-up of Strategy. Importantly, the appeal of these companies isn't just about price appreciation or crypto market beta. The public equity wrapper provides several strategic advantages: it allows firms to raise capital rapidly, borrow against assets at lower cost, and build scale quickly, all while operating in regulated environments that offer investors tax clarity and custodial security. This stands in stark contrast to private crypto-native firms, which often face significant compliance friction, limited access to debt markets, and illiquid cap tables.

These advantages have helped early adopters trade at substantial premiums to their underlying token NAV—often ranging from 1x to over 5x—reflecting not just Bitcoin exposure, but also investor enthusiasm for their ability to execute large-scale crypto strategies via equity markets. For shareholders, this has translated into exceptional returns, with firms like MicroStrategy delivering over 3,000% gains in recent years.

Looking ahead, later entrants will face a more challenging path. Strategy's dominance is reinforced by its first-mover advantage, brand equity, and financing track record. Replicating this playbook will become increasingly difficult without a unique angle, whether that's diversifying into altcoins with staking and DeFi yield opportunities, or leveraging high-profile leadership to capture media and investor mindshare.

Nonetheless, the strategy remains compelling, for now. In a landscape shaped by structural barriers to crypto adoption, these companies have positioned themselves as bridges between traditional markets and digital assets. While the "easy alpha" days may be fading, the window for strategic entrants is still open. Those who move decisively, armed with a clear narrative, capital access, and operational discipline, may still carve out a meaningful foothold in this evolving segment.

Crypto treasury companies are no longer just proxies for Bitcoin—they are becoming an investable asset class of their own. The coming quarters will determine whether this trend solidifies into a permanent pillar of the institutional crypto landscape, or fades as mandates, markets, and access tools mature.

Zachary Friedman

Co-Founder and Chief Strategy Officer (CSO)

08

Regulatory Developments

Regulatory Developments

United States: A Shifting Landscape Towards Clarity

The second quarter of 2025 saw substantial movement in the U.S. regulatory landscape, indicating a shift towards a more defined and potentially favorable environment for digital assets in both the legislative and regulatory space. While the EU and UK continue to create diverging regulatory frameworks.

The GENIUS Act: A Stabilizing Force

One of the most significant developments was the passage of the Guaranteed and Enforceable Neutrality in Issuance and Use of Stablecoins Act (GENIUS) by the U.S. Senate in June 2025. This bipartisan legislation represents a crucial step in bringing comprehensive federal oversight to stablecoins. The act aims to provide a clear legal framework for stablecoin issuance and usage, enhancing financial stability by imposing strict standards for transparency and reserve requirements.

The passage of the GENIUS Act is expected to transform stablecoins from speculative crypto instruments into more tightly regulated financial products, paving the way for safer, faster, and more transparent digital payments. Senator Bill Hagerty (R-Tenn.), the bill's sponsor, remarked ahead of the Senate vote that the legislation will have "far reaching implications" for the financial system, a "paradigm shifting development" that he believes will bring it into the 21st century, adding, "With this bill, the United States is a step closer to being a global leader in crypto."[1]

Treasury Secretary Scott Bessent also urged the Senate to pass the bill, stating it could help stablecoins "grow into a $3.7 trillion market by the end of the decade."[2]

The GENIUS Act now moves to the U.S. House of Representatives. Given its significant bipartisan support in the Senate (68 votes in favor), there is an expectation of its passage in the House. Vice President Vance, speaking at the 2025 Bitcoin Conference, endorsed the GENIUS Act, stating it would establish a "clear, pro-growth legal framework" for stablecoins and "vastly expand the use of stablecoins as a payment system."[3]

However, the path through the House is not without potential for amendments and challenges. The House has its own counterpart legislation, the Stablecoin Transparency and Accountability for a Better Ledger Economy Act (STABLE). While both bills share common goals of regulation, licensing, reserve backing, and consumer protection, differences in their structure and scope will need to be reconciled. Key issues will likely include the precise structure of federal oversight, coordination with state regulators, and the regulatory treatment of algorithmic stablecoins.

Some Democratic senators, like Senator Jeff Merkley, have raised concerns about the GENIUS Act not fully addressing potential presidential conflicts of interest in the crypto space. Senator Elizabeth Warren has also been a vocal critic, warning that the bill could create a "super highway"[4] for corruption and allow major technology companies to launch their own stablecoins. While these concerns were largely addressed in the Senate negotiations, the House may still attempt to introduce further anti-corruption measures or expand the scope of the bill to include broader market structure regulations, such as the Digital Asset Market Clarity Act of 2025 (CLARITY). Any such modifications would require the bill to be sent back to the Senate for re-confirmation, potentially delaying its final enactment. Despite these potential hurdles, President Trump's stated goal of achieving U.S. federal stablecoin legislation by August creates significant momentum for lawmakers to reach a consensus.

The Circle IPO: A Bellwether for Regulated Crypto

Coinciding with the legislative momentum, Circle Internet Group (CRCL), the issuer of the USD Coin (USDC), made a highly anticipated public debut on the New York Stock Exchange (NYSE) on June 5, 2025. The IPO was a huge success, demonstrating significant investor appetite for regulated crypto exposure.

The Circle IPO was reportedly oversubscribed by more than 25 times, highlighting robust demand. Priced at $31 per share, Circle's stock soared significantly in the days following its listing, briefly pushing its market capitalization close to $60 billion. This explosive debut made it one of the most successful IPOs for a U.S. company raising $500 million or more since 1980. Despite the initial exuberance, some analysts have expressed caution regarding Circle's lofty valuation. Trading at significant multiples of trailing revenue and net income, concerns have been raised about the sustainability of such valuations, particularly in light of competitive pressures and reliance on interest income.

Circle's successful IPO, coupled with the passage of the GENIUS Act, signals growing confidence in the stablecoin business model. The favorable regulatory environment and the increasing adoption of digital dollars have bolstered investor optimism.

EU vs UK Regulations: Europe's Diverging Framework

In Europe, the focus in Q2 2025 remained heavily on the full implementation and ongoing compliance with the landmark Markets in Crypto-Assets (MiCA) Regulation. MiCA establishes a single rulebook for crypto assets across all EU countries, replacing fragmented national approaches. This means that a CASP licensed in one EU member state can "passport" its services across the entire bloc. Some countries have moved more quickly in issuing MiCA licenses, leading to a degree of "passport shopping" as firms seek more accommodating jurisdictions.

The UK, having departed from the EU, is developing its own distinct crypto regulatory framework. Notably, UK-issued fiat-backed stablecoins will be regulated as if they were securities, requiring prospectus-style disclosure, prudential backing, and robust redemption governance. HM Treasury has resisted calls to treat sterling stablecoins solely as e-money or payment instruments, signaling a high-standard approach. The FCA also indicated it prefers to ban cryptoasset lending and borrowing for retail customers, though it's exploring alternatives with enhanced conduct rules for intermediaries. The proposed UK regime will have significant territorial reach, requiring non-UK overseas crypto trading platforms that service UK retail customers to obtain FCA authorization and establish a physical presence in the UK. This emphasizes the UK's commitment to protecting its domestic retail market.

Conclusion

The second quarter of 2025 marked a pivotal period, solidifying a global trend towards greater regulatory clarity in the cryptocurrency industry. Landmark legislation in the U.S., alongside distinct yet robust frameworks emerging in Europe and the UK, signals increasing maturity and institutional confidence. This evolving regulatory landscape, exemplified by the successful Circle IPO, is paving the way for broader digital asset adoption and integration into mainstream finance.

[1] AP News, "Senate passes crypto bill without addressing Trump's investments," June 17, 2025.
[2] Ibid.

[3] Pillsbury Law: "The GENIUS Act: A New Federal Framework for Stablecoin Issuers," July 2, 2025.

[4] Senate Democrats Help GOP Pass Crypto Bill That Critics Call Flawed," by Eloise Goldsmith, CommonDreams, June 18, 2025.

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Market Overview

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