



Year in Review

The Institutional Choice for **Digital Asset Trading**

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From Tipping Point to Institutional Bedrock

Heading into 2026, the digital asset industry has moved beyond a “tipping point” into a phase of structural permanence. The institutional adoption that was accelerating a year ago has crystalized into a new era of mainstream acceptance. Where crypto is no longer an experiment but a foundational pillar of the modern financial system.

In 2025, we witnessed milestones in Washington. The United States codified the **GENIUS Act**, establishing a federal framework for stablecoins, while the formalization of a **Strategic Bitcoin Reserve** signaled a historic shift in treasury policy. This has paved the way for public companies, pension funds and institutional investors to treat Bitcoin as a standard reserve asset.

Stablecoin adoption remains the industry’s most formidable success story. This year, the market cap surged past **\$290 billion**, becoming the primary settlement layer for global commerce. With **Visa** facilitating billions in monthly flows and **JPMorgan** scaling deposit tokens, the friction between traditional and decentralized finance continues to dissolve.

We have transitioned from an era of “hustle” to one of **institutional-grade execution**. Whether through the rise of **Agentic AI** using crypto rails for autonomous payments, or the dominance of high-performance networks like **Solana**, the focus has shifted from “what is possible” to “what is being built.”

Looking ahead, the landscape is defined by clarity. While macroeconomic headwinds persist, the industry is now positioned to capitalize on a foundation that has already been fortified by years of rigorous development and hard work.



David Shafrir

CEO & Executive Chairman
Secure Digital Markets

The State of the Market

Timeline of Events

January: BTC +10%

- Trump launches TRUMP memecoin, runs to \$75B FDV in 2 days then drops to \$27B
- Trump signs executive order establishing crypto working group
- SEC launches crypto task force
- MSTR purchases \$2.5B of BTC
- IBIT files for in-kind redemptions

February: BTC -18%

- North Korea hacks Bybit for \$1.4B of ETH, immediately launders it
- Argentinian president partners with crypto scammer to launch LIBRA memecoin, runs to >\$4B before collapsing in hours
- MSTR purchases \$2.5B of BTC
- SEC closes investigation on Coinbase, RobinHood, Uniswap, Gemini and Consensys with no action

March: BTC -2%

- Trump issues executive order for a Strategic Bitcoin Reserve and a digital asset stockpile
- SEC dismisses case against Kraken, Crypto.com, Cumberland, DRW and Yuga Labs
- MSTR purchases \$2.5B of BTC
- GameStop announces \$1.3B in 0% coupon convertible notes to buy Bitcoin
- CME launches Solana futures

April: BTC +14%

- Cantor Fitzgerald, Tether, Softbank and Bitfinex announce "Twenty One", backed by 42,000 BTC
- U.S. Federal Reserve withdraws guidance for banks on crypto and stablecoins
- CME To launch XRP futures in May
- Circle files for IPO
- MSTR purchases \$2.3B of BTC
- BTC spot ETFs see \$3B of inflows

May: BTC +11%

- Publicly traded Trump Media & Technology Group raises \$2.5B to buy BTC
- Coinbase to acquire Deribit for \$2.9B
- Bank regulator OCC confirms U.S. banks can buy/sell/custody Bitcoin
- SEC dismisses lawsuit against Binance
- MSTR purchases \$2.7B of BTC
- BTC spot ETFs see \$5.2B of inflows

June: BTC +2%

- Circle goes public in massively successful IPO; 10x in two weeks
- Publicly traded SharpLink Gaming buys \$463M of ETH
- GENIUS Stablecoin Bill passes Senate, moves to House
- JPMorgan announces plans to offer borrowing against crypto ETFs
- Director of U.S. FHFA issues order directing Fannie and Freddie to consider crypto as collateral for home mortgages
- MSTR purchases \$1.8B of BTC
- Metaplanet buys \$550M of BTC



Timeline of Events

July: BTC +2%

- Trump signs GENIUS Stablecoin Act into law
- BlackRock files for staking on spot ETH ETF
- CoreWeave to acquire Core Scientific for \$9B
- Galaxy announces sale of \$9B of BTC from Satoshi-era holder
- Trump Media and Technology Group buys \$2B of BTC
- Fundstrat's Tom Lee takes over publicly traded BitMine to convert to ETH treasury strategy and buys \$2B of ETH
- MSTR purchases \$3.7B of BTC
- Metaplanet buys \$421M of BTC
- NASDAQ-listed SharpLink Gaming buys \$500M of ETH

August: BTC -6%

- ETH ETFs see \$3.9B of inflows vs. BTC ETFs outflows of \$749M
- Trump signs executive order to allow crypto, private equity, and real estate in 401(k)s
- Trump signs executive order to stop unfair banking of crypto industry
- Pantera to raise \$1.5B, launch Solana DAT
- MSTR purchases \$426M of BTC
- ETH DAT BMNR buys \$4.3B ETH
- ETH DAT SBET buys \$1.05B ETH

September: BTC +5%

- NASDAQ files to allow tokenization and blockchain listing of stocks
- CFTC to allow stablecoins to be used as collateral in U.S. derivatives markets
- Tether raising \$20B on \$500B valuation
- MSTR purchases \$850M of BTC
- ETH DAT BMNR buys \$3.7B of ETH
- Other ETH DATs combined buy \$800M of ETH

October: BTC -4%

- Crypto market flash crash, largest single-day crypto liquidation ever
- Bitwise SOL spot ETF starts trading, \$70M first day inflows
- HBAR and LTC ETFs go live with minimal inflows
- Trump pardons Binance founder Changpeng Zhao
- MSTR purchases \$2.3B of BTC
- BTC spot ETFs see \$3B of inflows

November: BTC -17%

- Robinhood to launch prediction markets
- Polymarket receives CFTC approval, enabling US market access
- Kalshi raises \$1B At \$11B valuation
- Ripple raises \$500M at \$40B valuation
- El Salvador buys \$100M of BTC
- BTC ETFs See \$3.5B of outflows

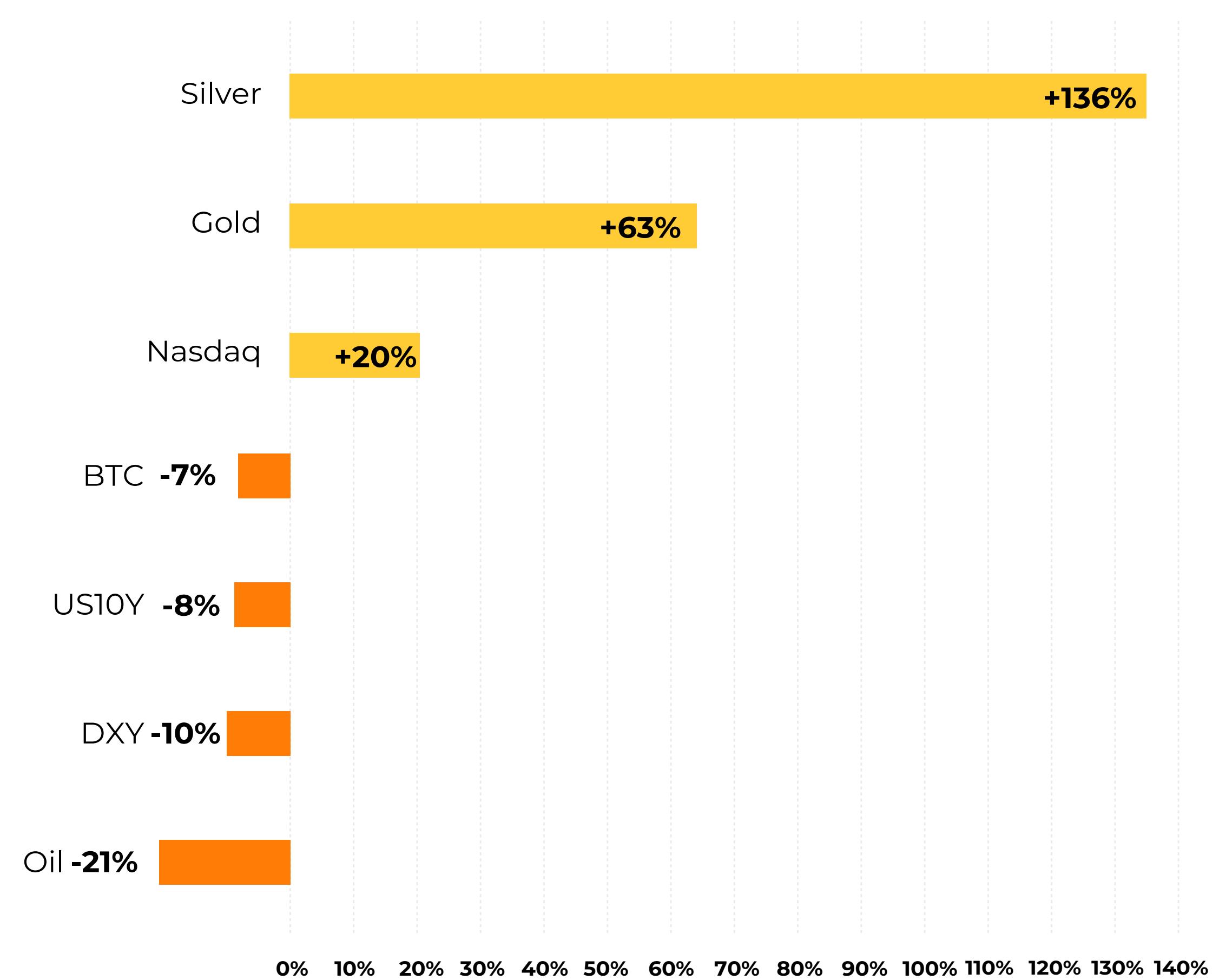
December: BTC +8%

- Ethereum Pectra/Fusaka upgrade successfully goes live on mainnet
- OCC grants conditional approval for 5 national digital asset banks
- MicroStrategy buys \$1B BTC, surpassing 450,000 total BTC held
- MiCA stablecoin regulations reach full enforcement across the EU
- Bitcoin recovers to \$92,000 following a 36% market-wide correction



Performance Across Multiple Asset Classes

Commodities are leading as risk assets diverge.



Source: TradingView, as of Dec 31st 2025

Key Takeaways: 2025 Asset Performance & Macro Shifts



Real Assets & Metals Surge: Precious metals delivered strong returns, with silver significantly outperforming gold due to industrial demand from the energy transition.



Higher-for-Longer Regime: The U.S. 10-year Treasury yield stabilized at elevated levels, signaling a structural shift away from the ultra-low-rate era toward a macro-sensitive environment.



USD Headwinds: Tech-led U.S. equities saw moderate gains tempered by higher rates, while crude oil remained range-bound through OPEC+ discipline.



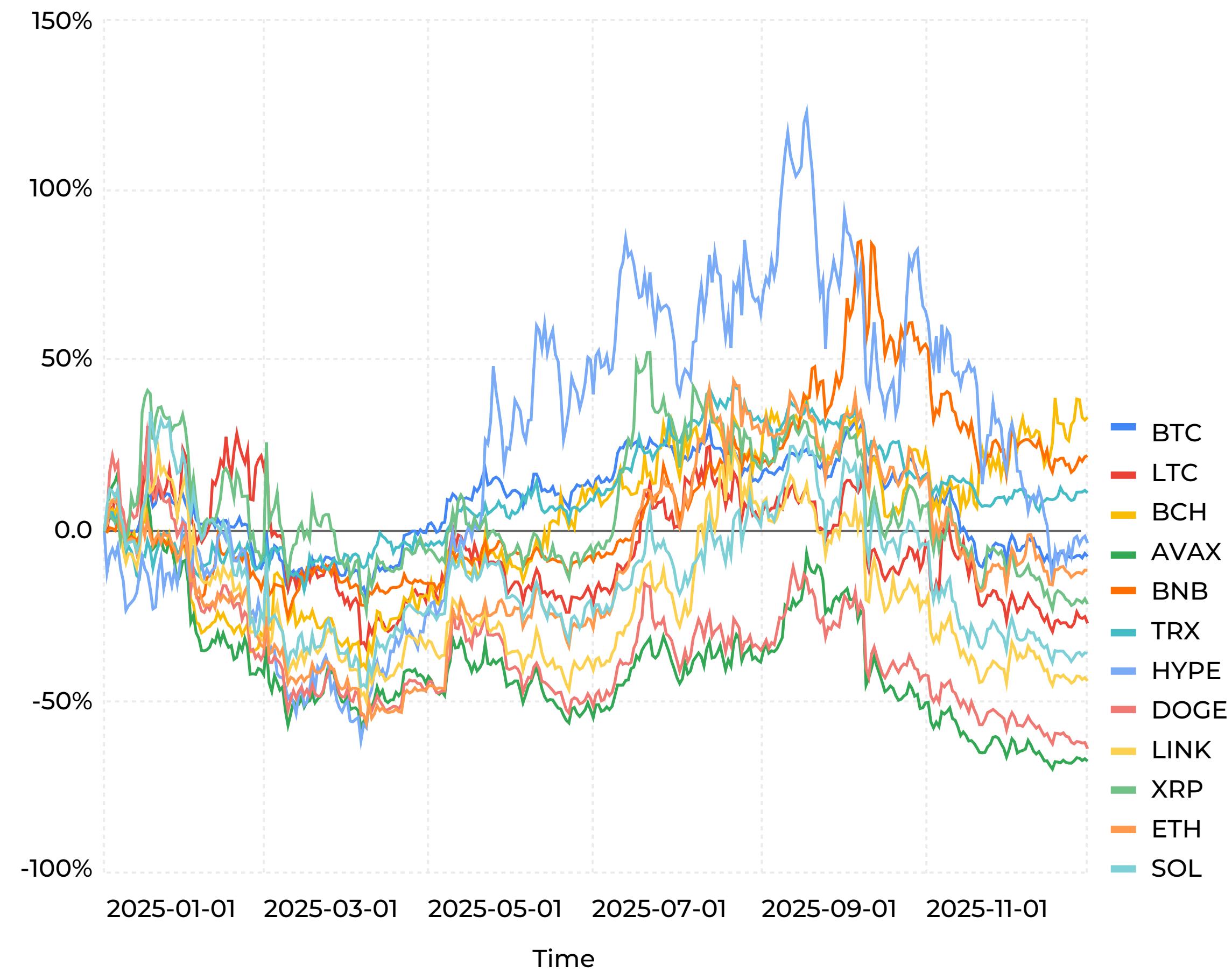
Equity & Energy Resilience: A weakening U.S. dollar, driven by deficit concerns, provided a critical support mechanism for commodities and non-USD international assets.

TL;DR: 2025 shifted the global portfolio toward scarcity-driven and inflation-resilient assets. While precious metals led the field, the broader market adjusted to a new regime of structurally higher rates, prioritizing earnings resilience and diversification over purely speculative growth.



Large Cap Performance

Large-cap crypto performance has become increasingly uneven.



Source: TradingView, as of Dec 31st 2025

Key Takeaways: From Macro Volatility to Liquidity Stress

Q1: Macro Volatility & Defensive Posture: U.S. tariff announcements sparked stagflation fears, leading to Bitcoin's weakest Q1 since 2020 and Ethereum's poorest start on record. While the Strategic Bitcoin Reserve was announced, a lack of execution roadmap limited its immediate impact.

Q2: Risk-On Breakout & New Highs: Easing trade tensions and rising liquidity pushed Bitcoin above \$110K, driven by corporate treasury accumulation and ETF inflows. Ethereum and large-cap alts outperformed as capital rotated into higher-beta assets.

Q3: Consolidation & Capital Rotation: Bitcoin traded sideways as investors weighed Fed rate-cut expectations. Capital rotated toward SOL, which led higher-beta assets due to strong on-chain activity and spot ETF optimism.

Q4: Liquidity Stress & Flight to Quality: An October 10 liquidation event triggered broad deleveraging, sending Bitcoin toward \$81,000. Investors pivoted toward assets with durable fundamentals and network usage, favoring SOL, BNB, and XRP over speculative narratives.

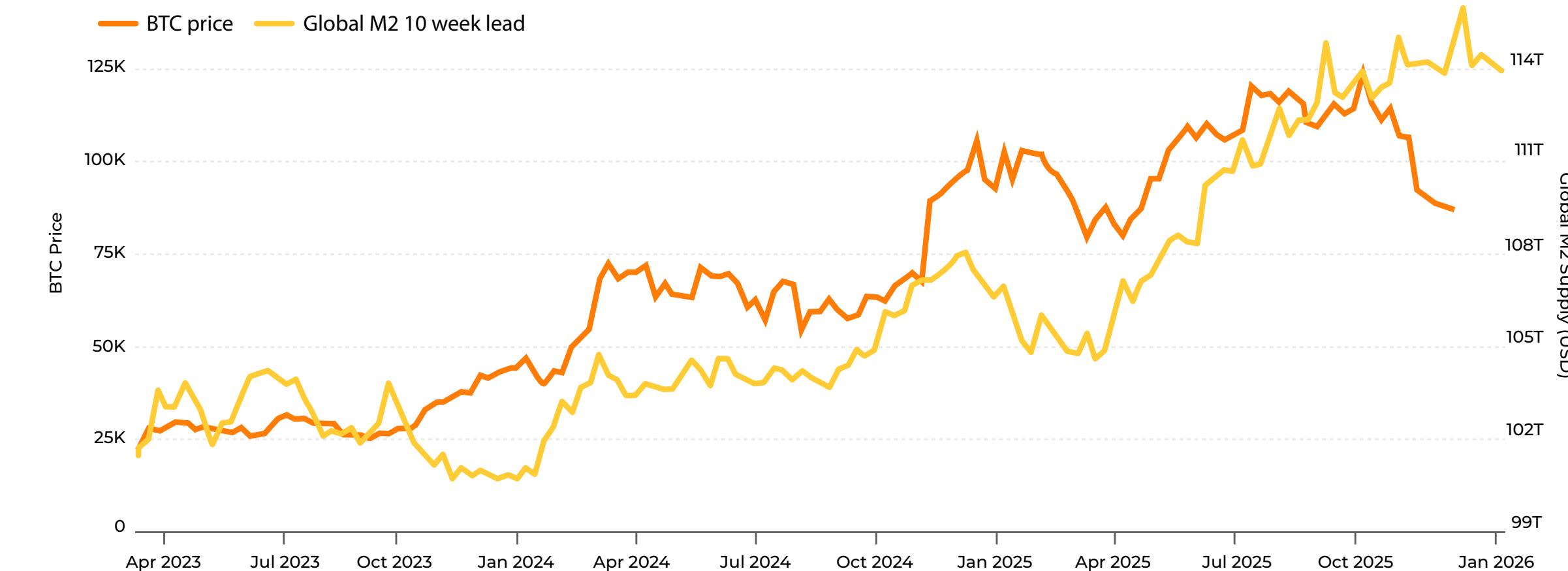
TL;DR: 2025 was a year of extreme regime shifts, moving from **Q1 defensive drawdowns** to a **Q2 “Risk-On” peak (\$110K BTC)**, before ending in a **Q4 liquidity reset**. The year concluded with a flight to quality, where institutional capital favored assets with demonstrable utility and cash-flow generation over pure speculation.



M2 & Bitcoin Recent Decoupling

Bitcoin's price is diverging from global liquidity trends.

Bitcoin and Global M2 10-Week Lead



Source: BGometrics, as of Dec 31st 2025

TL;DR: In 2025, Bitcoin **decoupled from global M2**, shifting from a macro hedge to a domestic asset driven by **U.S. liquidity and ETF flows**. Price action now front-runs policy shifts by months, reflecting **sophisticated derivatives positioning** rather than broad monetary trends. This break forces a total re-evaluation of Bitcoin's role as its correlation with global money supply disappears.

Key Takeaways: Bitcoin & Global Liquidity; The Great Decoupling



Historical Correlation: Through early 2024, Bitcoin served as a reliable hedge, tracking global M2 expansion as a proxy for digital scarcity.



The 2024–2025 Shift: Despite M2 rising steadily toward **\$114T**, Bitcoin decoupled, dropping from its **\$126K** peak to **\$83K** by Q4 2025.



Domestic Focus: Price action now responds more to **U.S. liquidity conditions** than aggregate global money supply.



New Price Drivers: Short-term moves are now dominated by **institutional ETF flows** and sophisticated derivatives positioning rather than broad monetary trends.

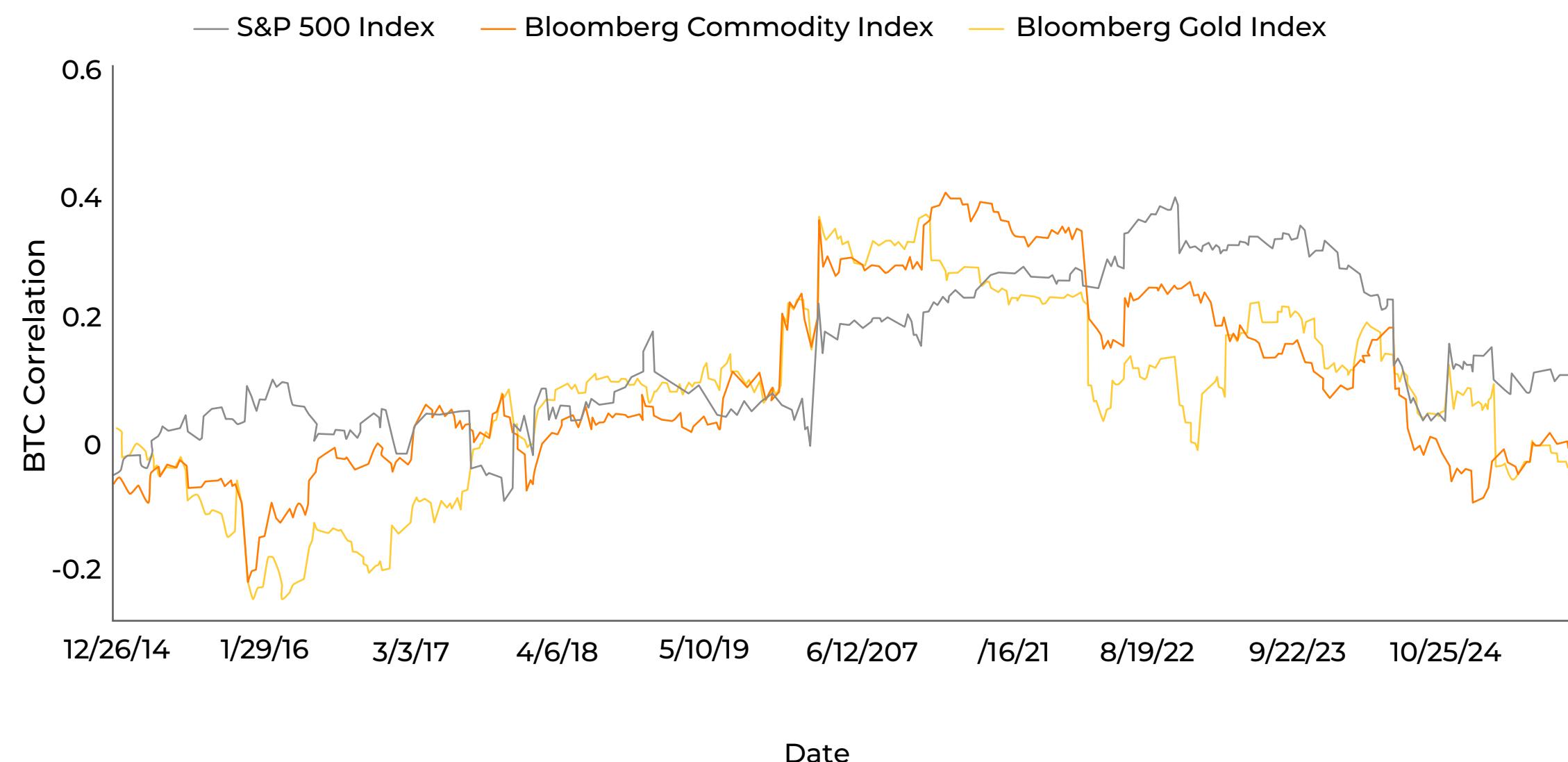


Data Lag vs. Market Lead: A timing mismatch has emerged. Markets now price in policy shifts months before lagging **M2 data** reflects them.



Correlation Shifts Between BTC, Equities, and Commodities

Bitcoin still follows stocks more than any other asset, but that connection is cooling off.



Key Takeaways: Shifting Correlations in a New Macro Regime

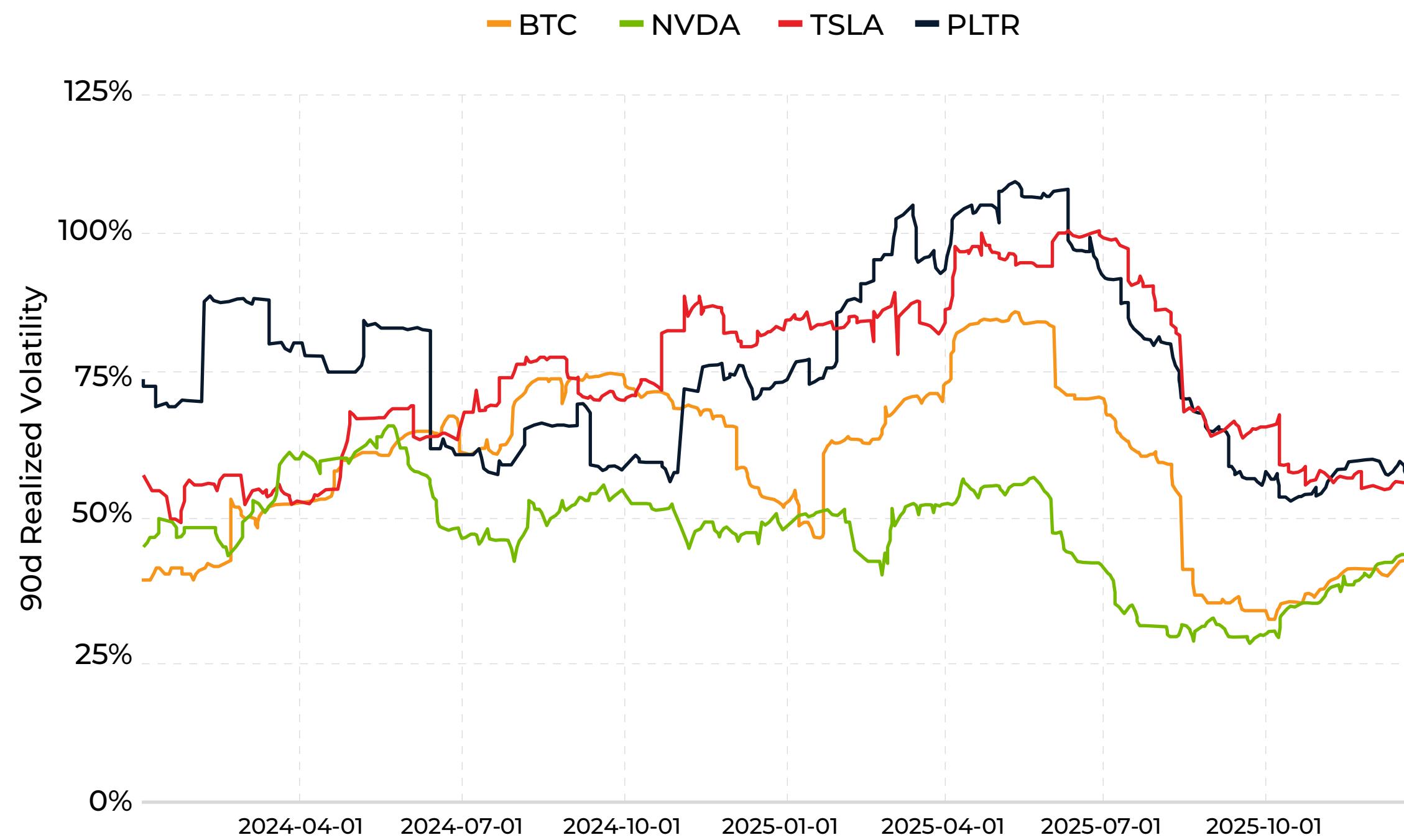
- 👉 **Correlation Intensity Halved:** BTC-equity correlation peaked at **0.4** in 2021-2023 but has dropped to **0.15–0.20** as of late 2025.
- 👉 **Independent Asset Path:** From 2014 to early 2020, BTC traded independently with all major correlations **near zero or negative**.
- 👉 **2024 Divergence Event:** Mid-2024 saw a rare decoupling where BTC-gold and BTC-commodity correlations **turned negative**.
- 👉 **Superior Diversification:** Current levels (0.15–0.20) provide **2x the diversification benefit** compared to the high-intensity 2021 period.
- 👉 **Macro Sensitivity:** Despite decoupling from stocks, BTC remains highly reactive to **Fed policy and liquidity conditions**.

TL;DR: Bitcoin is undergoing a structural decoupling, with its correlation to equities falling to **half the intensity** of the 2021-2023 peak. As of late 2025, BTC provides meaningful diversification while remaining an independent signal for **global liquidity and Fed policy**.



Bitcoin Realized Volatility is Comparable to Major Tech Stocks

Bitcoin is entering a cycle that more closely resembles traditional asset behavior.



Source: TradingView, as of Dec 31st 2025

Key Takeaways: A Structural Shift in Risk

- Equity-Like Volatility:** 90-day realized volatility has compressed to **35–40%**, parity with major tech names like **Tesla and Nvidia**. 
- End of the Volatility Premium:** This marks a permanent departure from prior cycles where Bitcoin routinely doubled or tripled the volatility of traditional equities. 
- Institutional Dampening:** The launch of ETFs and institutional custody has deepened liquidity, effectively smoothing intraday price swings. 
- Sophisticated Hedging:** Mature derivatives markets now allow for efficient exposure hedging, preventing the runaway liquidations seen in earlier years. 
- Macro Synchronization:** Global uncertainty regarding rate cuts and growth has pulled crypto into the same rhythmic volatility patterns as broader risk assets. 

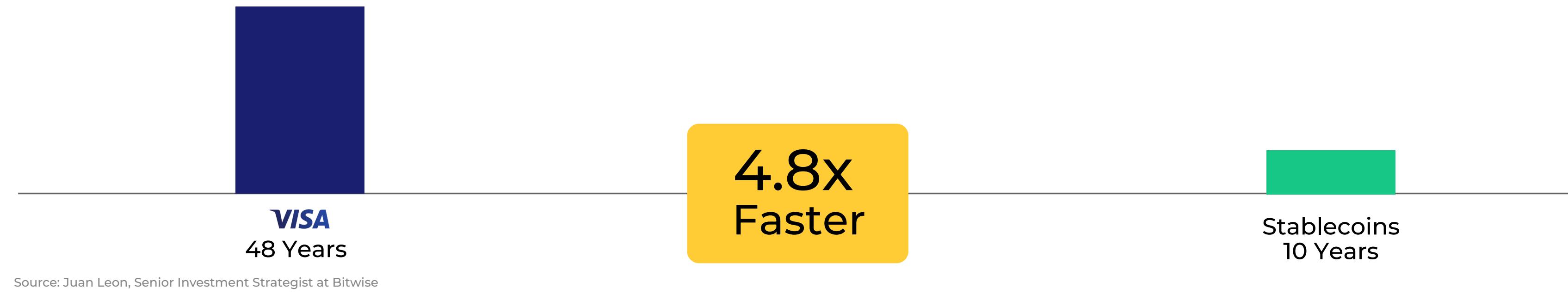
TL;DR: Bitcoin's volatility is no longer a bug, but a feature of its maturation. By trading at the **same 35–40% volatility level as Nvidia**, Bitcoin has undergone a transition from a speculative experiment to a **standardized macro asset**, smoothed by institutional liquidity and integrated into global risk-management frameworks.



Stablecoins & Payments

The \$10 Trillion Dollar Upgrade: Stablecoins vs. Legacy Rails

Blockchain-based payment rails are scaling 4.8x faster than traditional financial infrastructure.



A Decade of Disruption: Stablecoins reached the \$10 trillion annual transaction mark in just 10 years. In contrast, it took **VISA 48 years** and **Mastercard 52 years** to achieve the same milestone, highlighting the unprecedented scaling velocity of blockchain-based rails.



The Efficiency Advantage: Stablecoins enable **near-instant global transfers** at minimal cost by removing traditional banking intermediaries. This efficiency has attracted global attention from the **IMF**, viewing dollar-denominated stablecoins as an extension of U.S. monetary influence.



Evolution of Utility: Originally used as exchange collateral, stablecoins now power **payroll, cross-border payments, and credit markets**. This expansion is driven by leaders like **PayPal, BlackRock, and Fiserv**, who leverage the technology for instant, cost-efficient settlement.



Mainstream Integration: Blockchain-based payments have scaled beyond crypto-native use cases into **mainstream financial infrastructure**. The pace of adoption reflects a fundamental shift toward 24/7 settlement layers that rival the capacity of the world's largest legacy networks.



TL;DR: Stablecoins achieved in 10 years what took legacy networks nearly half a century. Driven by massive fee efficiencies and institutional adoption, they have evolved from niche crypto tools into a backbone of global financial infrastructure.



Stablecoin's Expanding Footprint

Stablecoin activity is developing across multiple independent ecosystems.

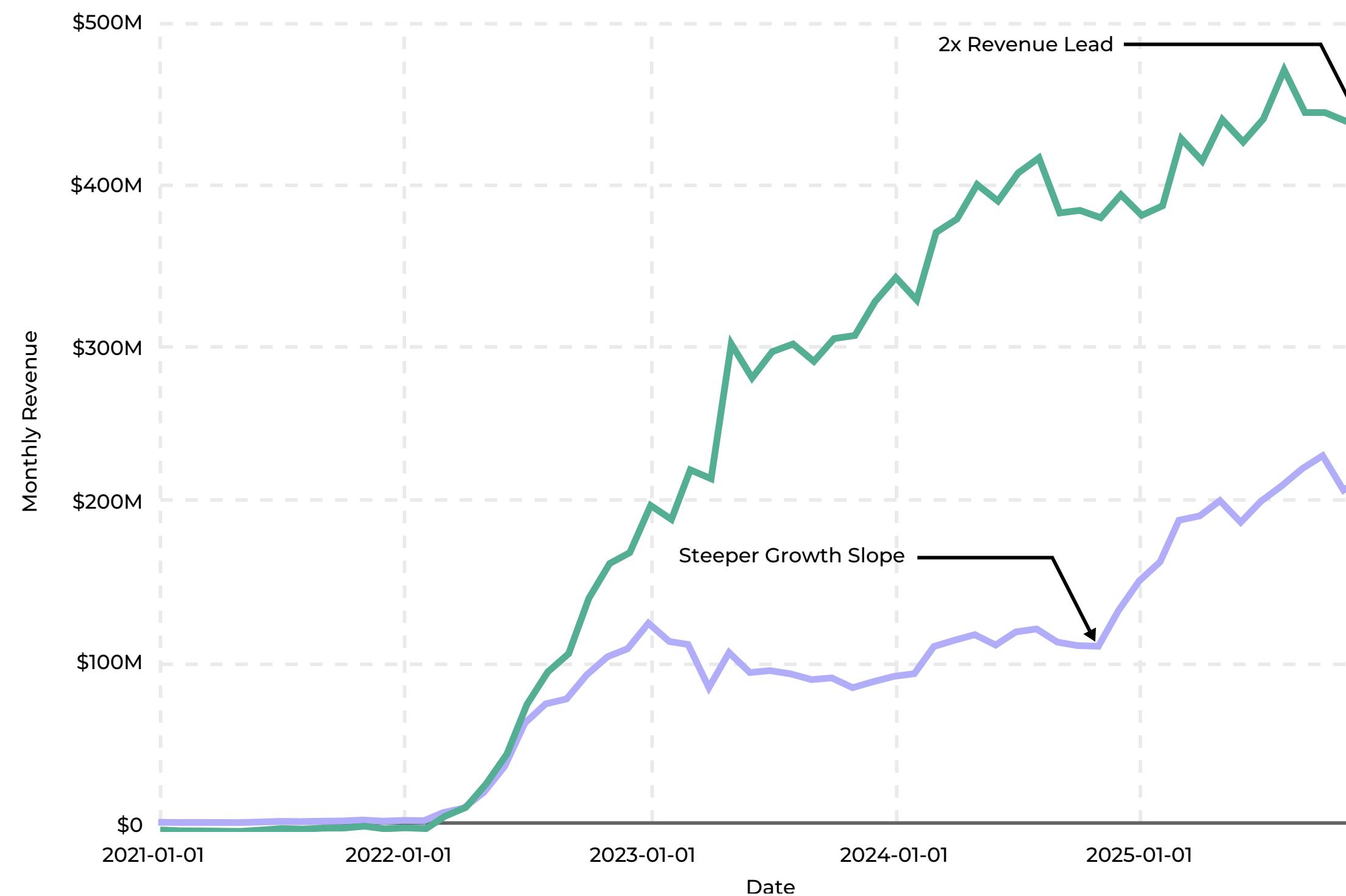
Chain	Jan 2024	Jan 2025	Dec 2025	Since 2024 CMGR	2025 CMGR	Commentary
USDT ERC 	\$43.6B	\$75.2B	\$103.8B	4.7%	3.0%	Ethereum remains USDT's institutional and custodial anchor. Growth accelerated sharply in 2024, then normalized in 2025 as issuance diversified across cheaper rails.
USDT TRC 	\$50.5B	\$59.8B	\$80.3B	1.4%	2.7%	TRON continues to function as USDT's primary payments rail. 2025 growth re-accelerated as global remittance and exchange settlement demand expanded.
USDT SOL 	\$0.82B	\$1.34B	\$2.09B	4.1%	4.1%	Still small relative to ERC and TRC, but Solana-based USDT doubled in 2025, signaling growing traction in trading and consumer-facing apps.
USDC ERC 	\$22.8B	\$34.4B	\$52.8B	3.5%	4.0%	Ethereum remains USDC's settlement layer. 2025 growth reflects balance-sheet expansion and renewed institutional confidence rather than payments usage.
USDC SOL 	\$1.09B	\$6.0B	\$10.8B	15.3%	5.4%	After explosive 2024 growth, USDC-SOL matured in 2025 with steady compounding, reinforcing Solana's role as a high-throughput payments rail.
USDC BASE 	\$0.19B	\$3.5B	\$4.4B	25.9%	2.0%	Base absorbed rapid issuance in 2024's launch phase, then plateaued in 2025 as supply aligned with organic Coinbase-led demand.

Source: Token Terminal, as of Dec 31st 2025



Tether vs. Circle Monthly Revenue

Two distinct stablecoin business models are emerging at scale.



TL;DR: While Tether operates as a massive **yield-generating** engine powered by its \$5.23B annual scale, **Circle** has successfully pivoted to a **utility-first model**, where \$2.48B in revenue is increasingly tied to transaction velocity and ecosystem activity rather than just the size of its reserves.



Tether: The Scale & Maturity Model



Dominant Market Leader: Remains the top revenue-generating business in the digital asset market.



Total 2025 Revenue: Generated \$5.23 billion in annual revenue.



Peak Monthly Performance: Recorded \$442 million in revenue for December 2025 alone.



Earnings Driver: Income is primarily driven by massive reserve holdings rather than incremental network usage.



Circle: The Transaction-Driven Model



Rapid Efficiency: Monthly revenue reached \$216 million in December 2025.



Total 2025 Revenue: Secured \$2.48 billion in annual revenue.



Monetization Strategy: Effectively decoupled revenue from balance-sheet growth, focusing on activity-based monetization.

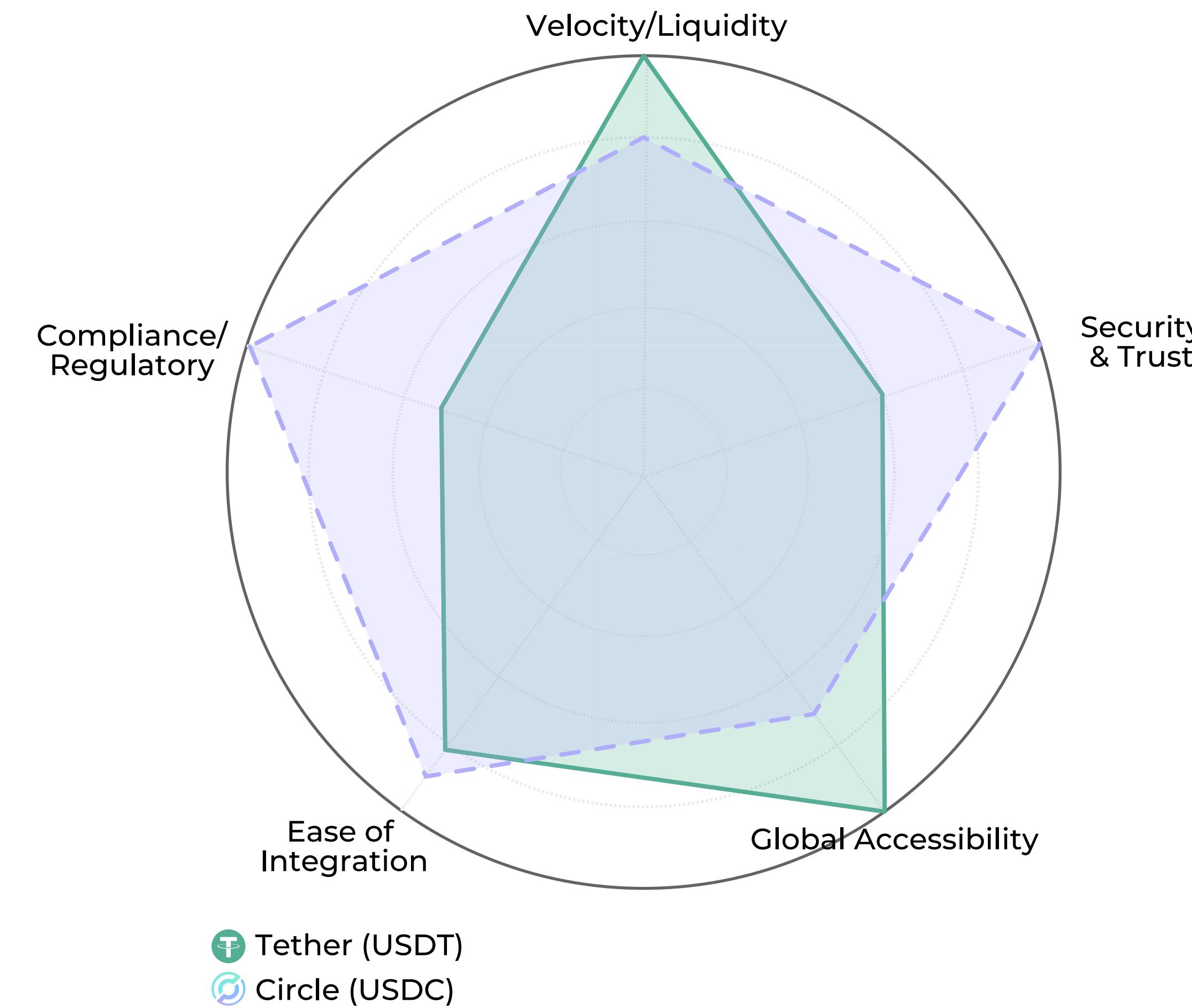


Network Effect: Reinforces a model that is increasingly transaction-driven and utility-focused.



Tether vs. Circle Transfer Count (2025)

Usage patterns are diverging as stablecoin networks mature.



TL;DR: While **Tether** nearly doubled its transfers to **399M** through emerging market demand, **Circle** surged to **539M** transfers, driven by a second-half acceleration in institutional settlement and payroll use cases.



Tether (High-Velocity Scale)



Transfer Growth: Transfers increased sharply, rising from **206M** to **399M** over the year.



Market Demand: Indicates sustained demand for USDT as a transactional asset, particularly in emerging-market corridors.



Usage Profile: Growth remained robust even at massive scale, proving the durability of the reserve-backed model.



Velocity: Positioning highlights USDT as a primary medium for high-velocity global transfers.



Circle (Accelerating Adoption)



Transfer Growth: Transfer volumes nearly doubled, rising from **285M** to **539M** in 2025.



H2 Momentum: Growth was particularly strong in the second half of the year, signaling a late-year surge.



Primary Use Cases: Accelerating adoption across institutional settlement, payroll, and global payments.



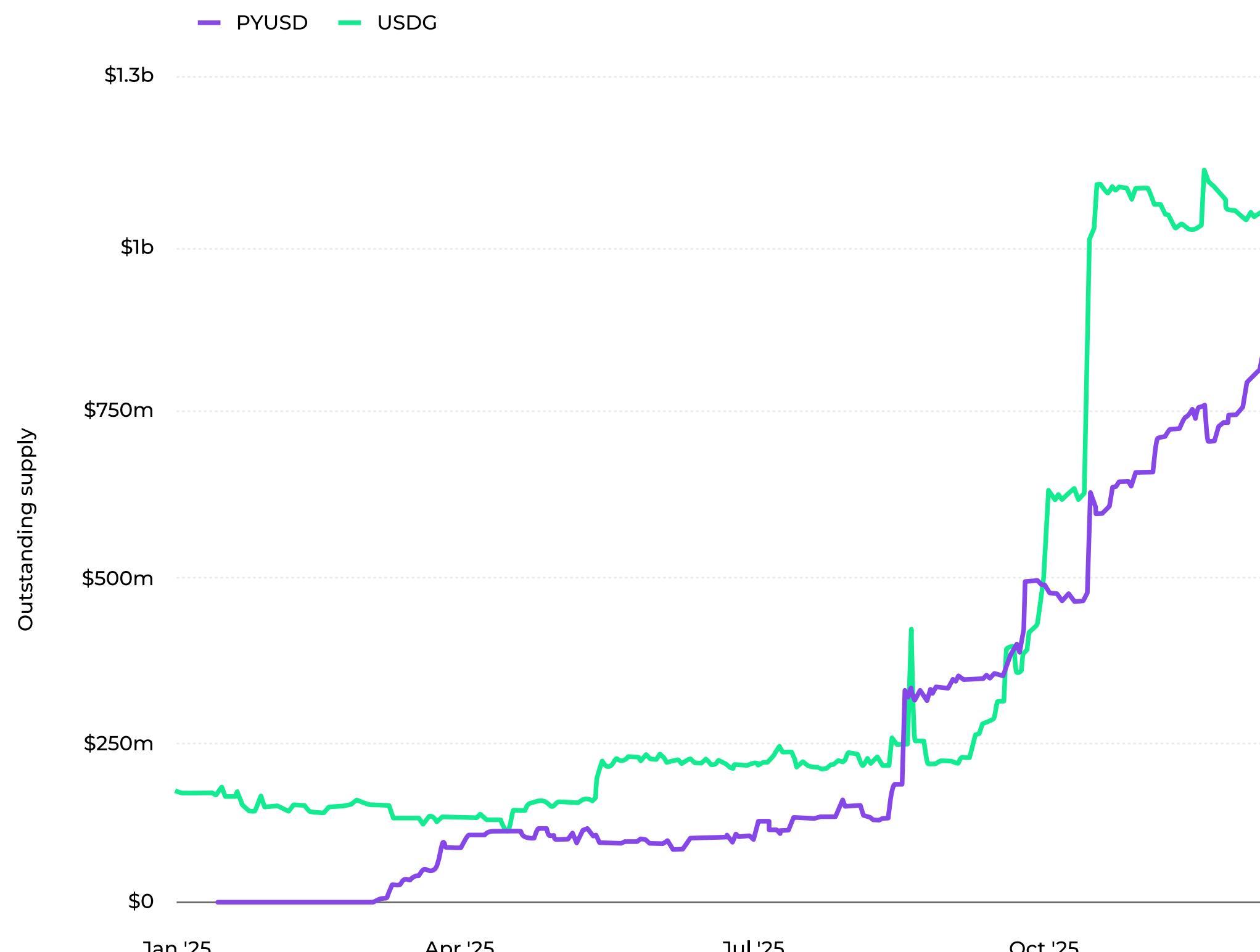
Usage Focus: Circle's year was defined by usage expansion, focusing on transactional utility rather than just issuance.



Non-EVM Stablecoin Development is Booming

Issuance is scaling rapidly on Solana.

USDG and PYUSD reach \$1.7B in combined supply on Solana



Source: Token Terminal, as of Dec 31st 2025

Key Takeaways:

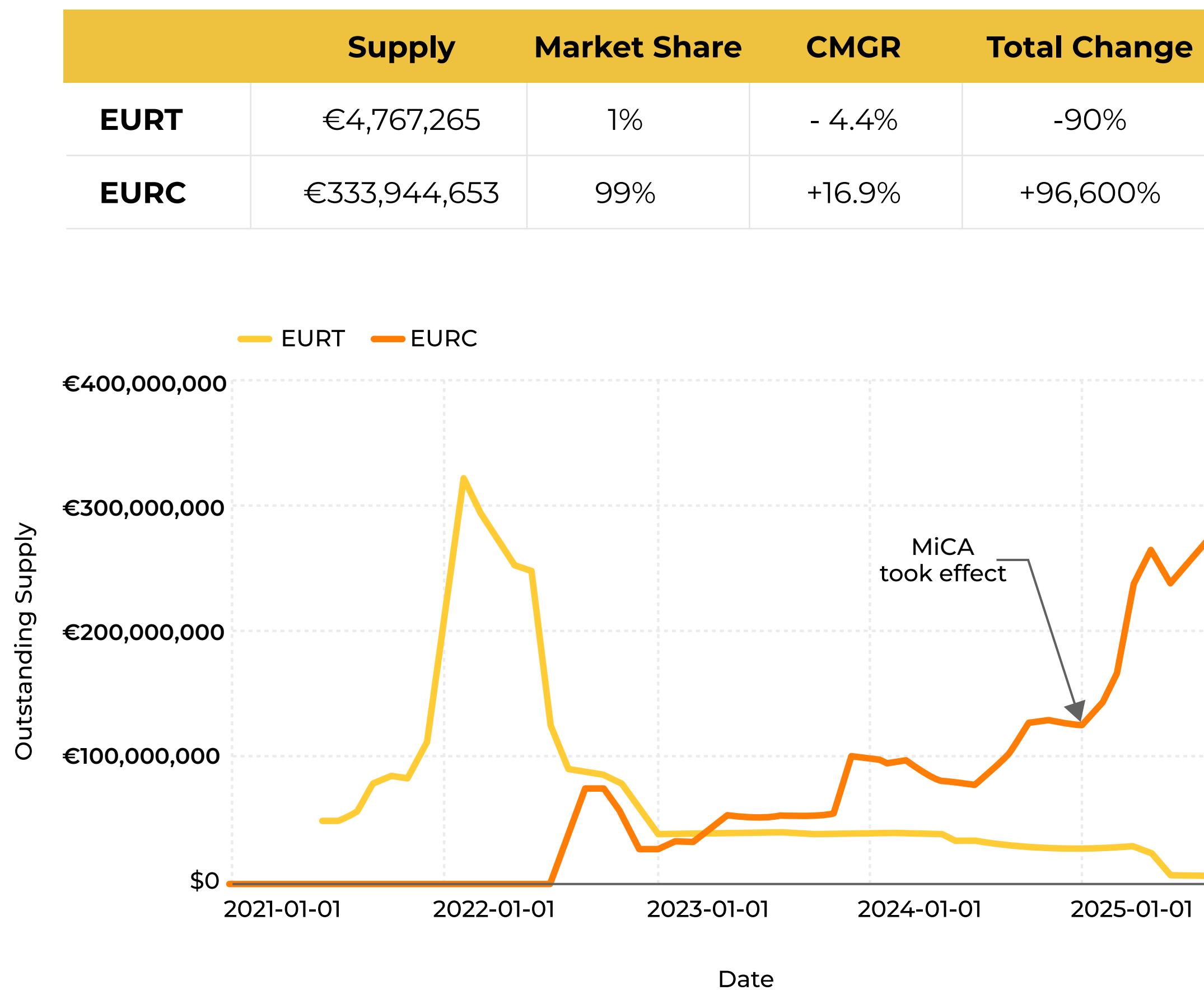
- Massive Supply Expansion:** Combined institutional supply for **USDG (\$800M)** and **PYUSD (\$1B)** surged on Solana in 2025.
- Regulated Market Lead:** USDG maintains a dominant **41% market share**, while PYUSD holds a significant **24%** average on the network.
- Elite Partner Network:** The Global Dollar Network connects over 100 major **partners**, including **Robinhood, OKX, and Gemini**.
- Yield-Sharing Model:** Both tokens allow network partners to **share yield** from treasury reserves directly with their users.
- Shift to Settlement:** Institutional influx is pivoting Solana from speculative trading toward a **global payment and settlement layer**.

TL;DR: Solana has matured into a global settlement layer. This growth is fueled by regulated issuers using yield-sharing models to attract institutional-scale capital.



EURT vs EURC

Regulated euro stablecoins are consolidating around a single market leader.



Source: Token Terminal, as of Dec 31st 2025

Key Takeaways: Euro Stablecoin Market Evolution

EURC has grown from zero to market relevance in just over three years.



Circle's EURC supply compounded at nearly 17% per month, rising from under half a million euros in mid-2022 to more than €330 million by late 2025. That trajectory mirrors early-stage stablecoin adoption curves seen with USDC in 2019–2020.

EURT continues a prolonged decline.



Tether's euro-denominated token has been shrinking by roughly 4.4 % per month since early 2020, falling from about €49 million → €4.8 million. Liquidity has migrated toward USD-pegged assets and regulated euro products like EURC. In 2021 EURT made up nearly all euro-stablecoin float; by late 2025 EURC controls around 99% of on-chain euro supply.

Regulatory clarity under MiCA is the structural driver.



Circle's EU registration and bank-grade reserves meet MiCA e-money standards, unlocking demand from European fintechs and neobanks. Tether's non-regulated model, while dominant in USD, limits institutional euro exposure.

Network diversification amplified EURC's reach.

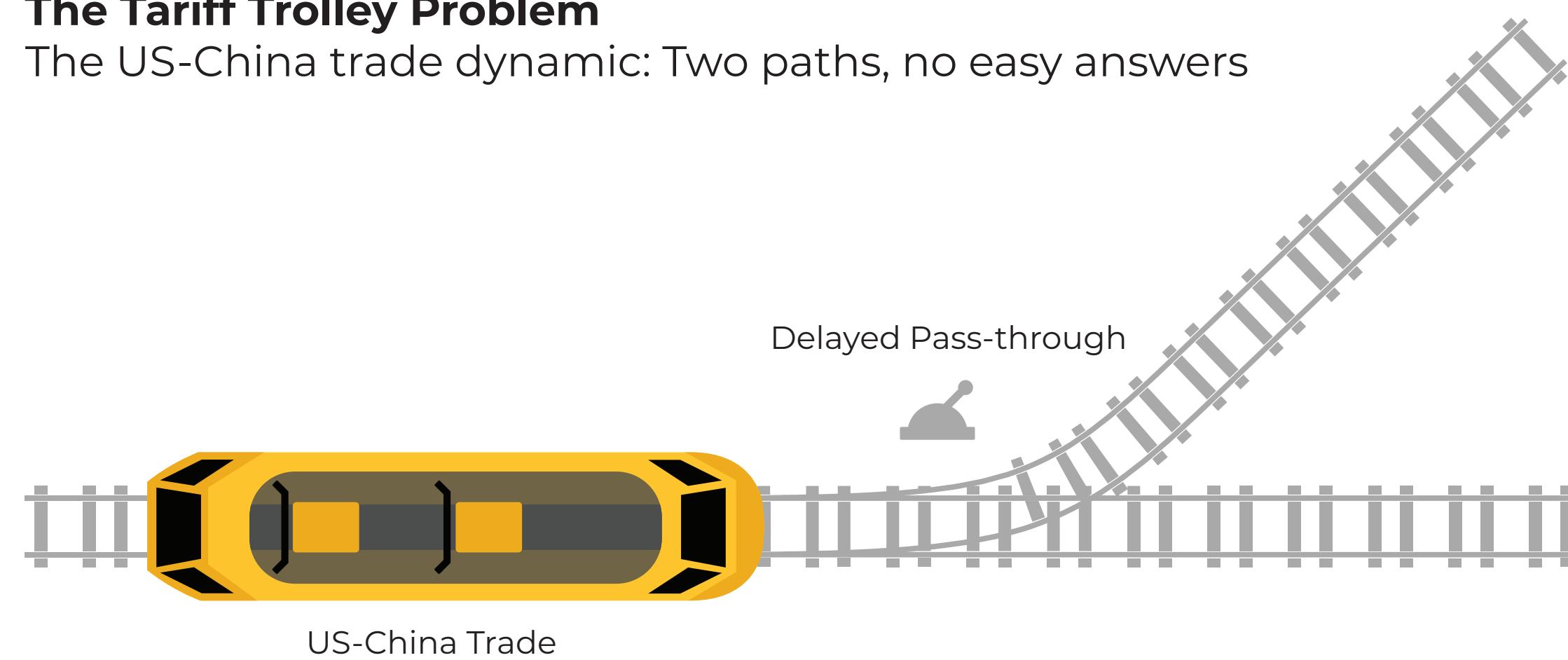


EURC circulates across Ethereum, Solana, Avalanche, Base, and Polygon, giving it deeper composability in DeFi and tokenized-settlement platforms. EURT remains primarily ERC-20, constraining velocity and integrations.

Macroeconomic Environment

The Tariff Trolley Problem

The US-China trade dynamic: Two paths, no easy answers



Path A: Businesses Absorb

Compressed profit margins, reduced investment, and slower job growth

Key Economic Implications



Corporate Strain: When businesses absorb costs, the resulting margin compression often leads to reduced capital expenditure and slower job growth.



Consumer Impact: If costs are passed through, resulting price hikes erode household purchasing power and fuel inflationary pressure.



Monetary Deadlock: Both paths complicate Fed policy; sticky inflation prevents rate cuts, while cost-absorption risks a deeper economic downturn.



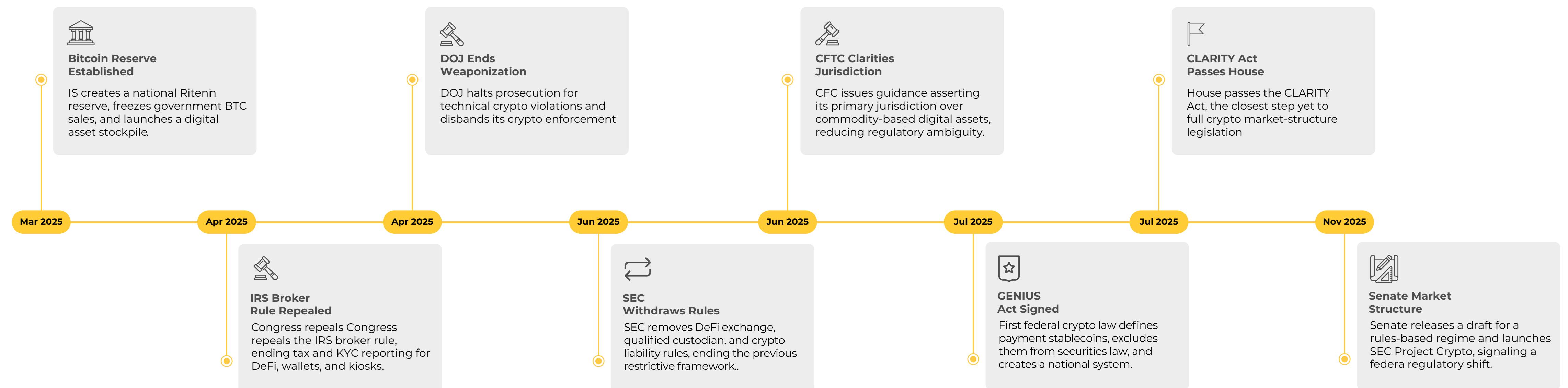
Market Volatility: This uncertainty typically triggers a flight to safety, strengthening the USD while pressuring high-risk assets like equities and crypto.

TL;DR: The tariff deadlock threatens a “**monetary deadlock**” that traps the Fed between sticky inflation and a deeper economic downturn. For high-risk markets, this uncertainty triggers a flight to safety, directly **pressuring crypto valuations** and strengthening the USD at the expense of global liquidity.



U.S. Crypto-Friendly Policy Pivot

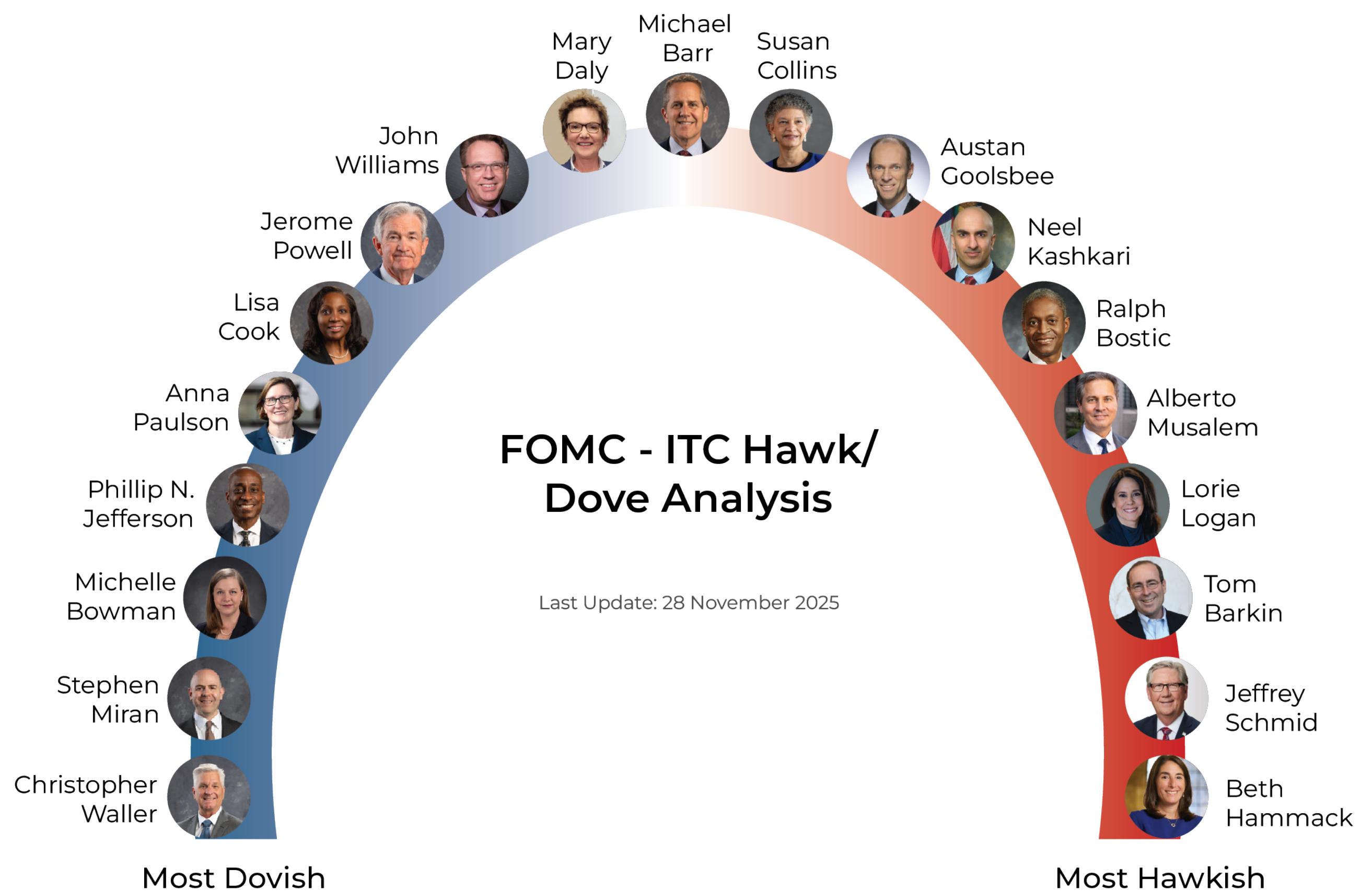
Regulatory momentum is shifting toward clarity, access, and institutional participation.



TL;DR: The 2025 **U.S. policy pivot** replaces regulatory aggression with a strategic federal framework, including a **national Bitcoin Reserve** and the **GENIUS Act**. By repealing restrictive IRS and SEC rules, the government is de-risking the asset class and supporting its integration into the national financial infrastructure.

FOMC Dove/Hawk Scale

Rate-cut expectations remain restrained despite moderating inflation.



Source: itcmarkets, as of November 28th 2025.

TL;DR: The Fed has shifted to a cautious normalization phase, targeting a **3.1% terminal rate** with only one 25bp cut projected annually through 2027. Despite a hawkish 9-3 vote split and a focus on inflation over asset reflation, this structural pivot removes significant long-term macro resistance for crypto.

Key Takeaways

FOMC Policy Outlook: Federal Reserve easing has entered a cautious, conditional phase with markets pricing in at least one 25bp cut for 2026 depending on labor stability and continued disinflation.

Base Case (One 25bp Cut): A minimum 25bp easing is expected by consensus, but additional cuts are contingent on Core PCE nearing 2%, contained unemployment, and stable market growth.

Hawkish Bias Persists: Jerome Powell is signaling less conviction in aggressive cuts as the Fed remains focused on sticky wages, services inflation, and ongoing geopolitical supply risks.

Implications for Risk Assets: Asset reflation remains secondary to inflation control, meaning higher real rates and a firm dollar will continue to act as headwinds while limiting liquidity expansion.

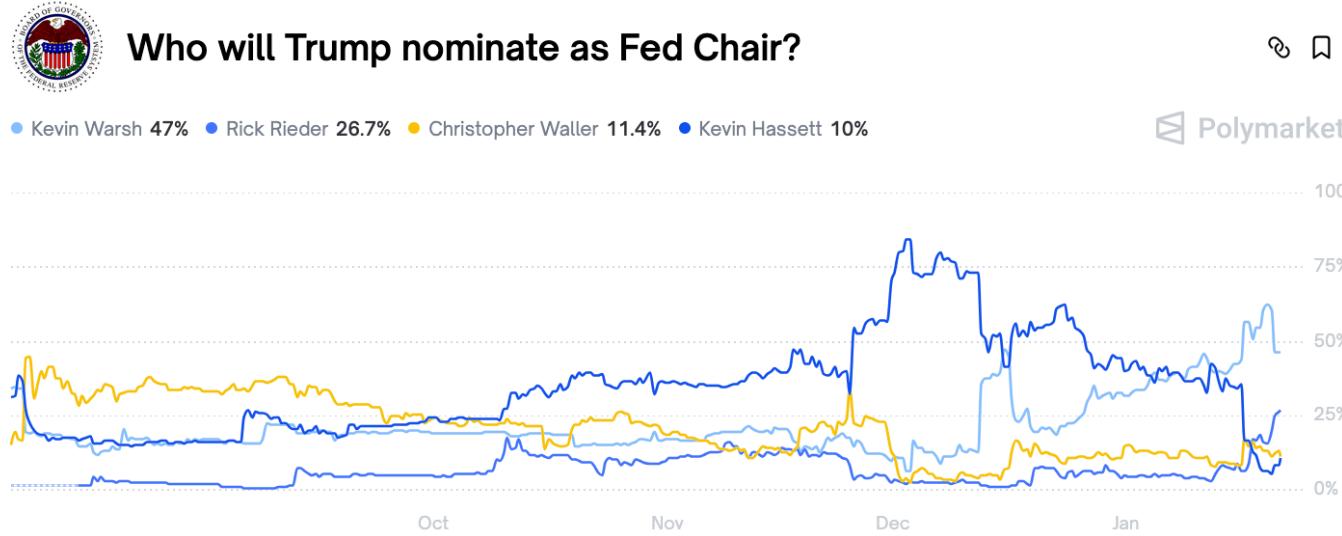


Jerome Powell's Upcoming Term Expiration

Leadership transition could materially shift the Fed's policy direction.

The Data

"Kevin Warsh: 82% Probability"



Candidate Profile



Policy Stance:

Growth First



Alignment:

Pro-Liquidity Agenda



Crypto Friendly

Framework



Digital-First

Framework



Market Impact

Rates:



Aggressive cuts beyond 25-50bp baseline.

Equities / Risk Assets:



Outperformance on lower rate expectations.

U.S. Dollar:



Pressure from dovish policy shift.

Treasury Yields:



Compression toward 4.00-4.25% range.

Crypto:

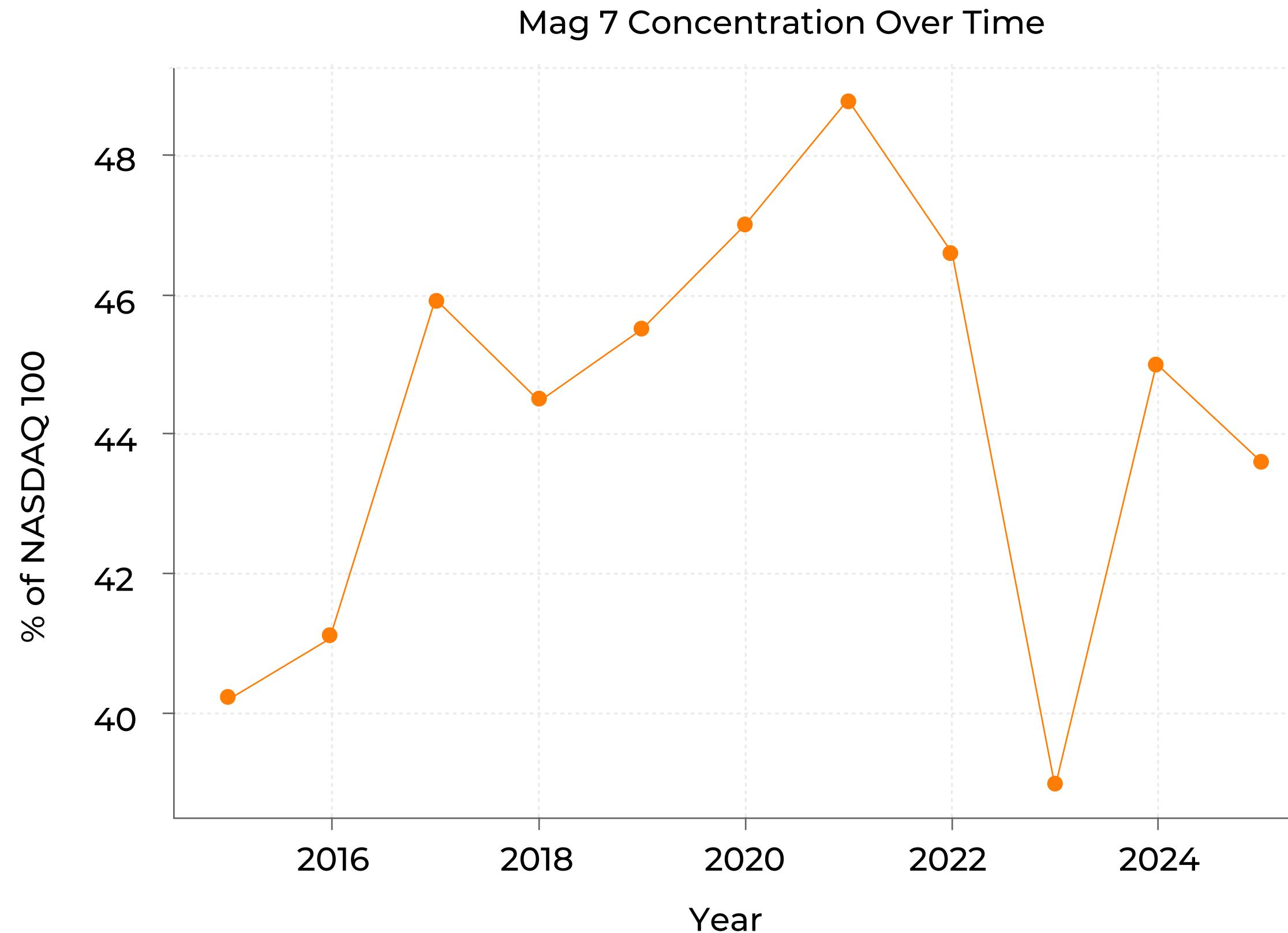


Tailwind from pro-liquidity/growth stance.

TL;DR: The 82% probability of Kevin Warsh as Fed Chair signals a decisive shift toward a "Growth-First" and "Pro-Liquidity" agenda. This transition is expected to trigger aggressive rate cuts and treasury yield compression, creating a powerful tailwind for crypto and risk assets.

Equity Concentration Risk Driven by Mega Caps

Seven tech giants make up more than 40% of the NASDAQ-100, leaving the index highly exposed to sector-specific risks.



Source: Bloomberg, MacroMicro, IG.com as of first half of 2025.

TL;DR: The “Magnificent 7” concentration in the Nasdaq 100 hit **43.6% in 2025**, down from the **48.8% peak in 2021**. While AI cash flows provide a “stabilizing anchor,” this outsized share creates a **sector-specific concentration risk** that leaves the broader index highly vulnerable to the volatility of just seven stocks.

Key Takeaways

Dominant Share: Mag 7 = +44% of NASDAQ 100

Historical Peak: 48.8% (2021)

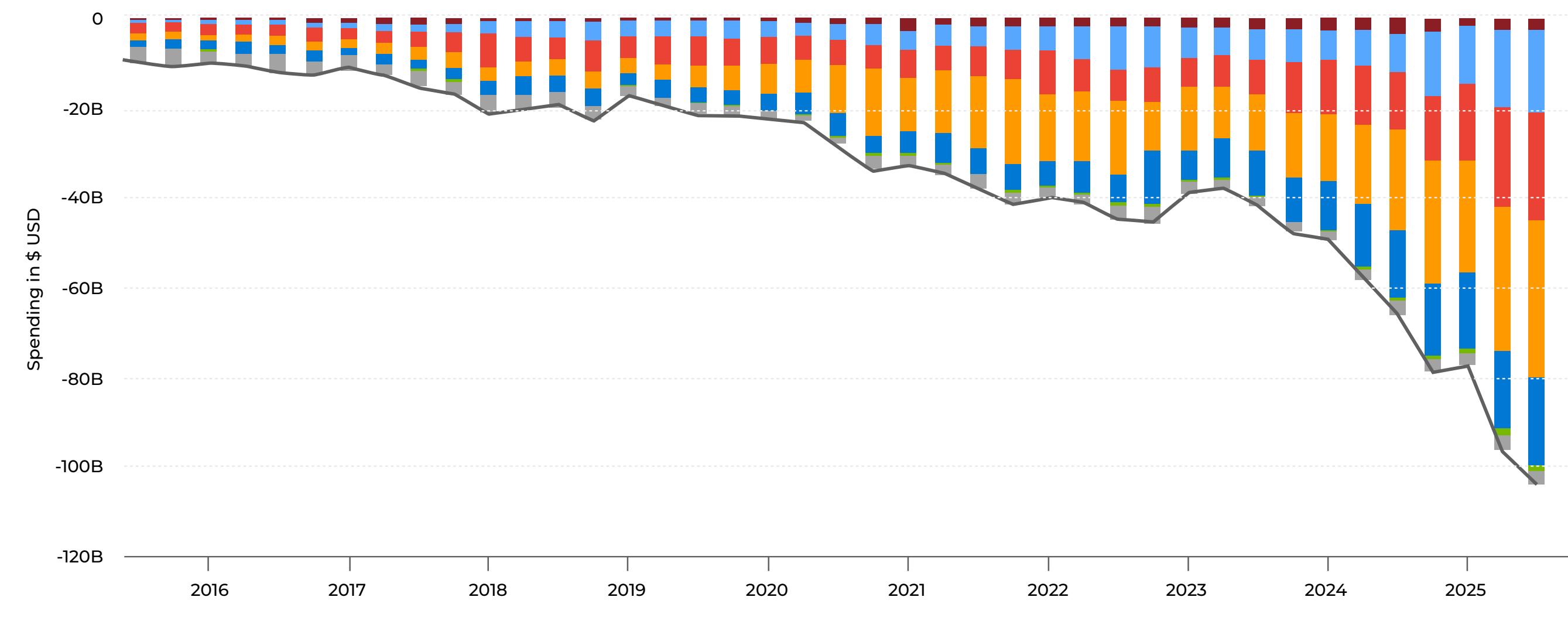
Emerging Risk: Sector specific equity concentration

Performance Engines: AI/ Data Centers/Cloud Computing/Cash Flows

Stabilizing Anchor: Institutional Inflows

Magnificent 7 AI Capex Reached Historic Levels

Infrastructure investment inflects sharply as the race for AI monetization intensifies.



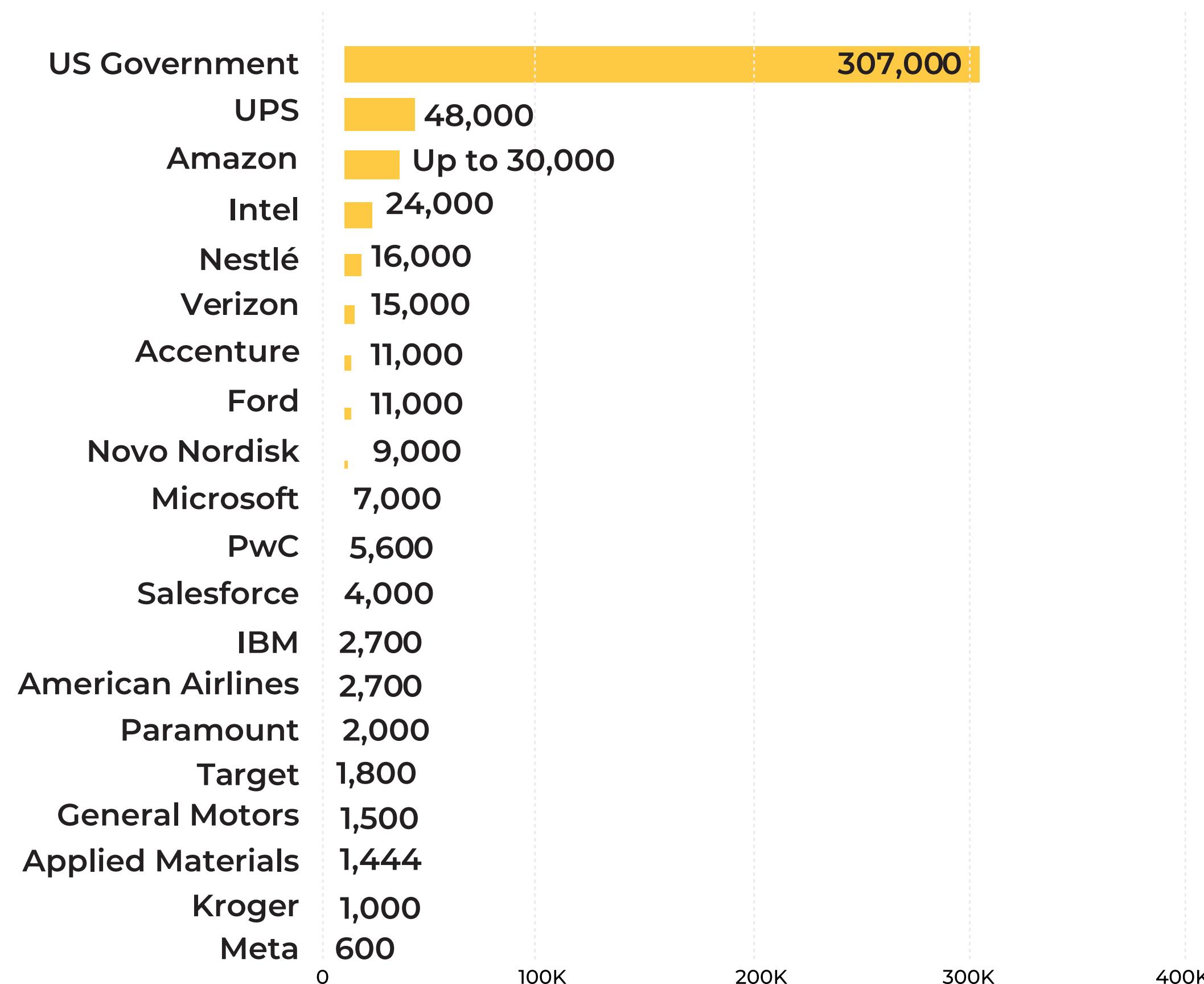
Key Takeaways

-  Magnificent 7 AI capex inflects sharply after 2023, reaching historic levels by 2025.
-  Spending is concentrated in AI infrastructure (data centers, compute, chips), not routine expansion.
-  Scale of investment assumes rapid utilization and monetization of AI workloads.
-  If adoption lags, markets risk an overbuild cycle and higher volatility into 2026.

TL;DR: Mag 7 AI capex has reached historic levels, with total spending projected to exceed **\$500B by 2026** as the cohort pivots to an asset-heavy infrastructure model. This massive scale of investment, now accounting for **25% of total U.S. market capex**, demands rapid monetization to prevent a high-volatility overbuild cycle that would threaten broader market stability.

U.S. Labor Market outlook

Job losses are rising as companies prioritize efficiency and cost discipline.



Source: TheKobeissiLetter, as of Q4 2025.

Key Takeaways: U.S. Labor and Economic Divergence

U.S. employers cut over 1 million jobs in 2025, the fifth worst layoff year in three decades, driven by a combination of AI-led automation, tariff pressures, and broader cost restructuring across sectors.

Despite elevated job losses, corporate profits and equities remain near record highs, creating a structural divergence likely to persist. The Fed has pivoted to prioritizing labor market stability as justification for cautionary rate cuts, yet inflation remains sticky amid ongoing supply chain adjustments and trade policy uncertainty. This tension means the long end of the U.S. Treasury curve is unlikely to move lower as persistent inflation pressures remain.

The Fed can continue cutting rates, but this will not translate to lower long-term treasury yields (US10Y), which are more likely to hold steady or drift higher into 2026.

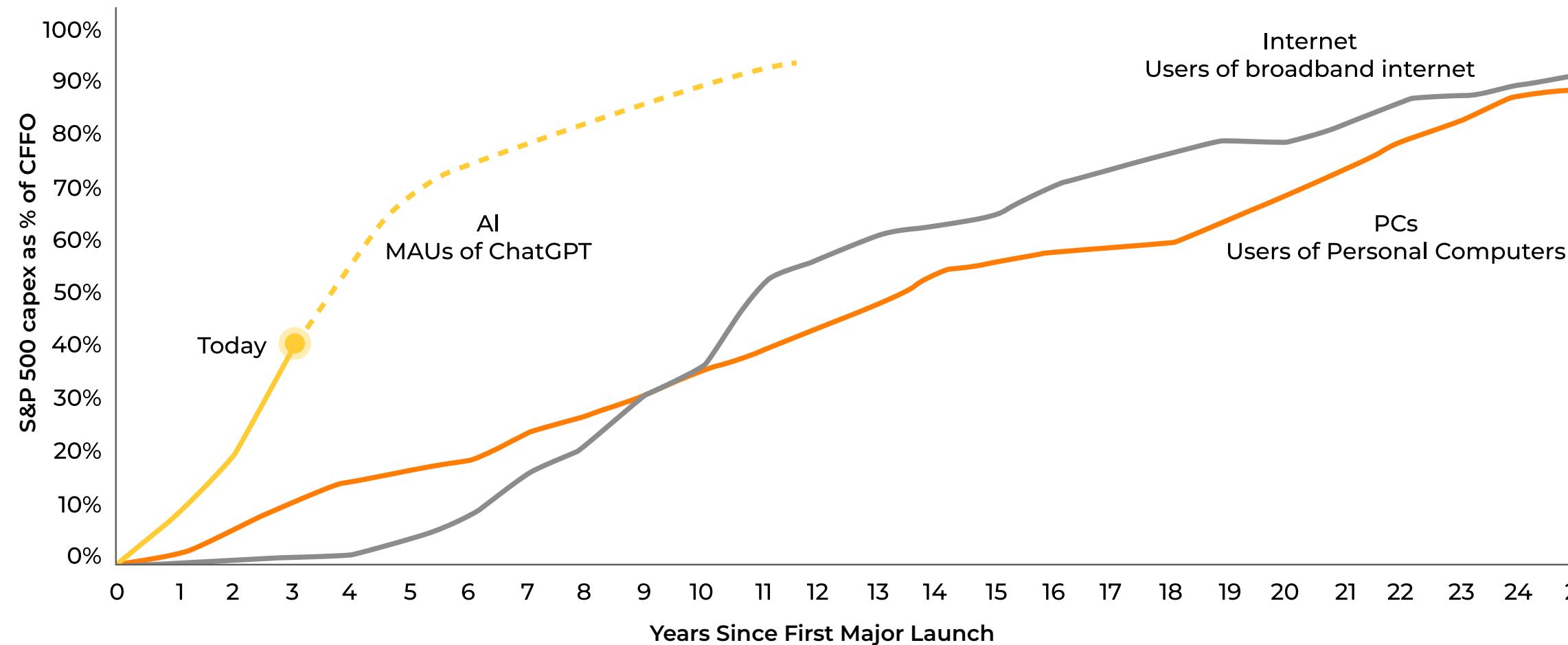
TL;DR: U.S. employers cut **1 million jobs in 2025**, the fifth-worst layoff year in decades, due to AI automation and tariff pressures. Despite Fed cuts aimed at labor stability, sticky inflation will likely keep **long-term yields steady or rising** into 2026. This forces a divergence where record corporate profits coexist with mass layoffs and high borrowing costs.



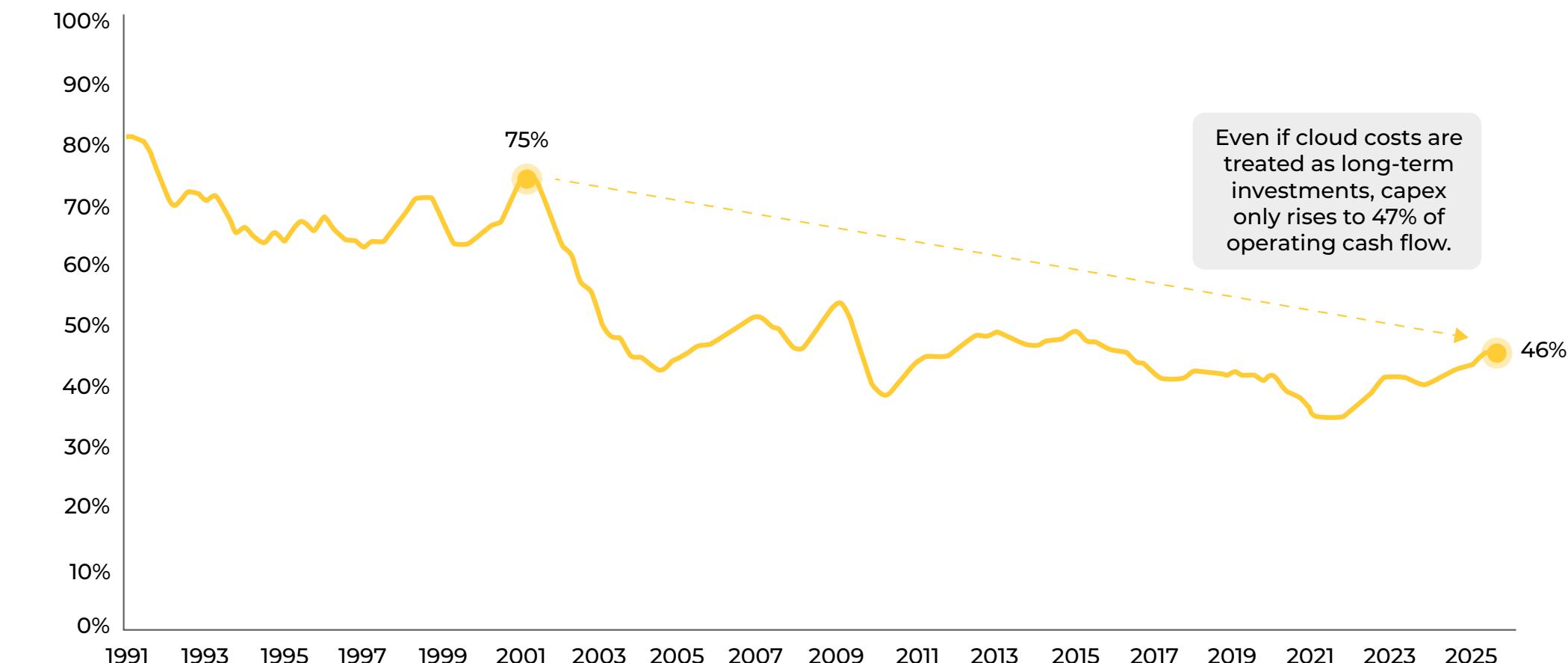
AI Boom: No Bubble Yet

Adoption is accelerating while investment remains financially disciplined.

AI is still early in its journey but massive adoption so far!



Capex is growing, but is funded with operating cash flow
S&P 500 capex as % of CFFO



AI Boom – But No Bubble Yet



Unprecedented Diffusion: ChatGPT reached 40% U.S. penetration in just 2 years.



Faster Than Internet/PC: Adoption is outpacing the Internet and PC by over 10x.



GDP Growth Driver: AI investment is a primary contributor to 2026 economic growth.



Sustainable Capex: Spending is just 46% of cash flow, down from the 75% Dot-Com peak.



Cash-Flow Funded: Buildouts are funded by operating cash, not aggressive debt deployment.



Healthy Scaling: The current dynamic suggests a more sustainable scaling path than previous tech bubbles.

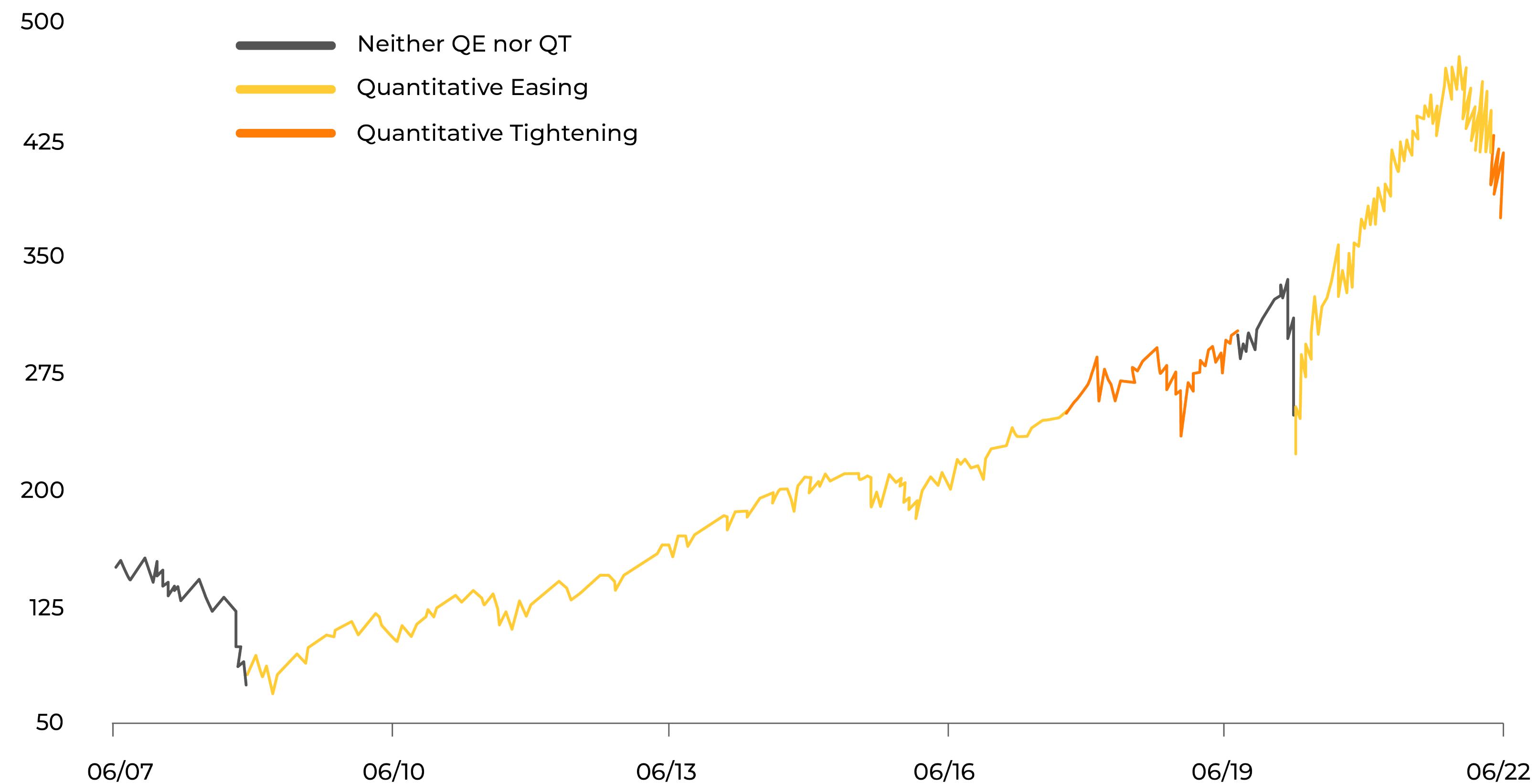
TL;DR: AI adoption is shattering historical records with 40% penetration in 2 years, yet financial risks remain low. Unlike the Dot-Com era, current AI infrastructure is sustainably funded by operating cash flow at nearly half the historical peak intensity.



Quantitative Tightening Progress

Markets are beginning to price an easing of liquidity constraints.

S&P 500 (SPY): Last 15 Years



TL;DR: While Quantitative Tightening (QT) historically creates volatility, the Fed's **December 2025 exit** from the runoff program marks a major liquidity turning point. With a shift back toward balance sheet expansion expected in 2026, the market is pricing in a favorable **pro-liquidity environment** for equities and risk assets.



QE Historical Timeline

A major source of systemic liquidity pressure has been removed.

Federal Reserve Program	Duration
QE1 (Nov 2008 - Mar 2010)	17 months
After QE1	9 months
QE2 (Nov 2010 - Jun 2011)	9 months
After QE2	15 months
QE3 (Sep 2012 - Oct 2014)	26 months
After QE3	39 months
QT (Jan 2018 - Dec 2018)	12 months
QE4 (Mar 2020 - Mar 2022)	24 months



QT Runoff Concluded: The Fed ended its balance sheet reduction program in **December 2025**.



QE Catalyst History: Historical QE programs lifted the S&P 500 by **30-100%+** and drove Bitcoin's first major surges.



Tightening Toll: The June 2022–2025 QT cycle contributed to a **25% S&P 500 drop** and a **77% Bitcoin crash** at its onset.



Strategic Reinvestment: The Fed will now pivot to reinvesting maturing MBS into short-term T-bills to manage reserves.



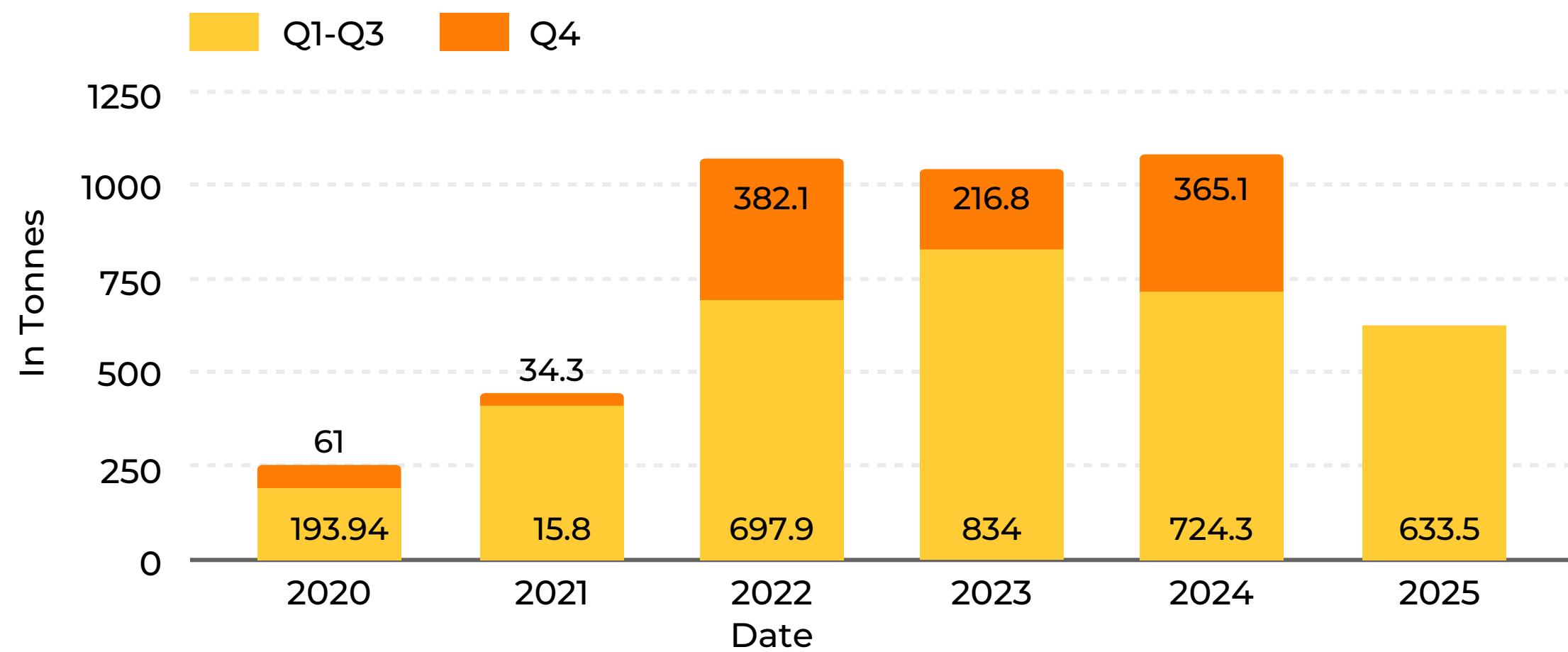
Liquidity Tailwind: Termination of QT removes a major structural headwind, signaling a shift toward a **pro-liquidity environment**.

TL;DR: The Fed's **December 2025 termination of QT** marks the end of a multi-year liquidity drain that previously saw assets like Bitcoin drop **77%**. While the shift to reinvestment isn't "classic QE," it removes a critical structural headwind for risk assets heading into 2026.

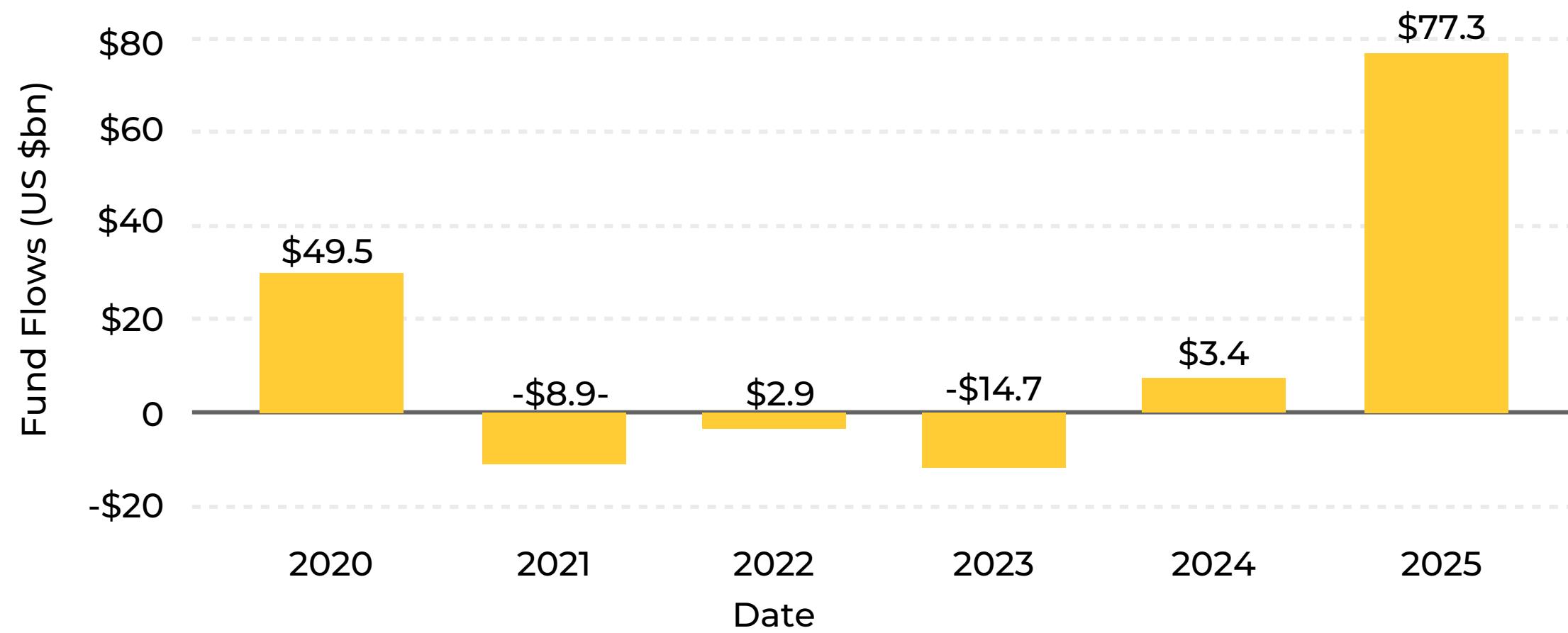
The Debasement Trade

Demand for scarce, non-sovereign assets is accelerating.

Central Bank Gold Demand



Gold ETF Flows



Source: World Gold Council, as of end of Q3 2025.



Market Drivers: Record fiscal deficits and central bank expansion fueled a return to scarce, non-sovereign stores of value.



Gold Performance: Rose **60%+** to all-time highs of **\$4,590/oz**, driven by central bank de-dollarization and risk mitigation.



Silver Performance: Outperformed with a **160% YTD** gain, supported by monetary hedging and industrial demand for electrification.



Policy Shift: Global policymakers are rotating into assets outside the reach of sanctions and dollar liquidity risk.



Digital Integration: Growing skepticism toward fiat sustainability is driving long-term demand for BTC and ETH as modern hard assets.

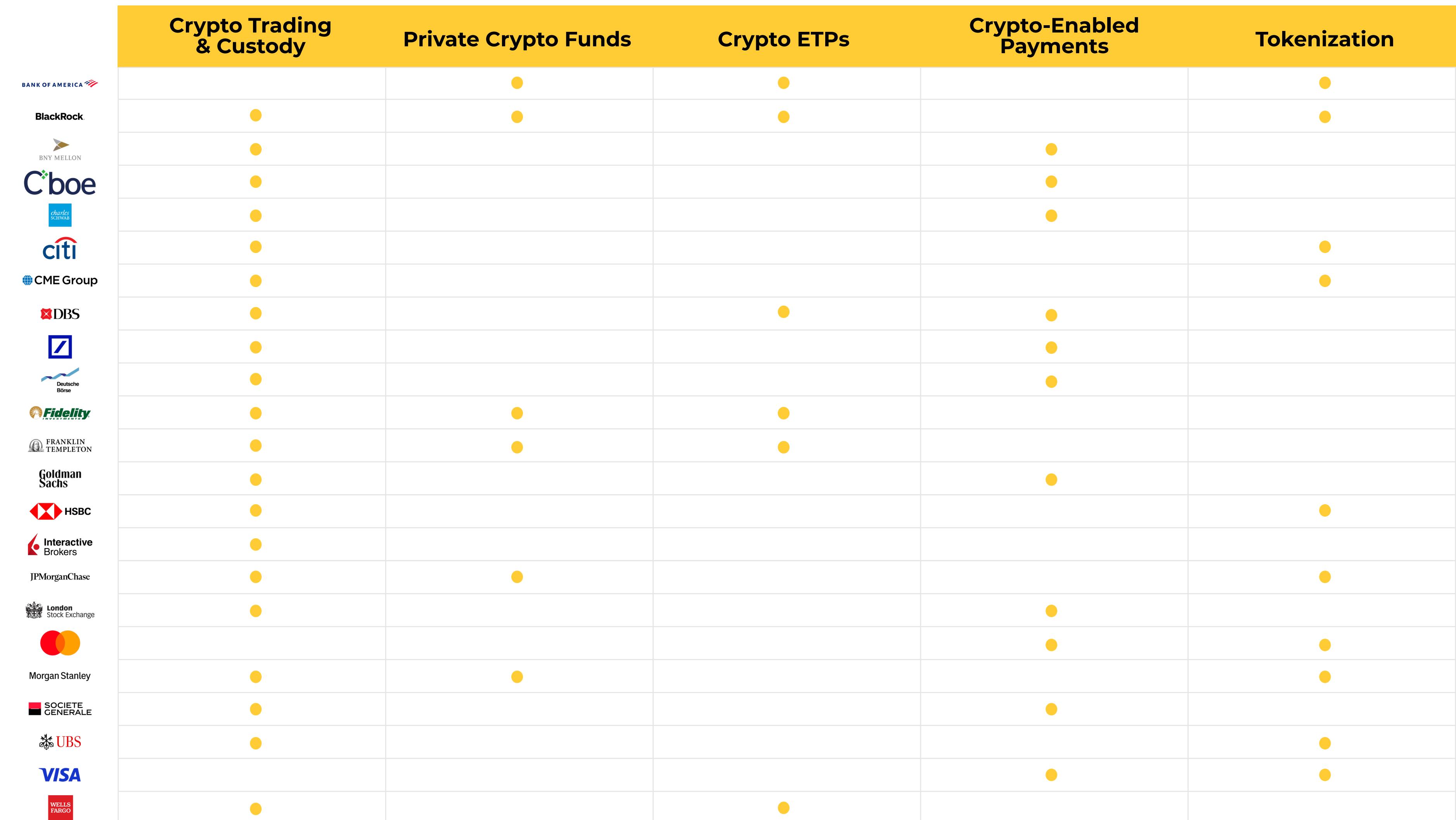
TL;DR: In 2025, record deficits and central bank expansion fueled a “de-dollarization” shift into scarce, non-sovereign assets. Gold hit record highs of **\$4,590/oz** (+60%) and Silver surged **+160%** as policymakers sought assets immune to sanctions and liquidity risks. This macro backdrop has solidified **Bitcoin** and **Ethereum** as the modern “hard asset” alternatives to traditional fiat.



Institutional Adoption

Institutional Adoption: 2025 Integration Snapshot

Mapping how 25 leading financial institutions are transforming their business with crypto.

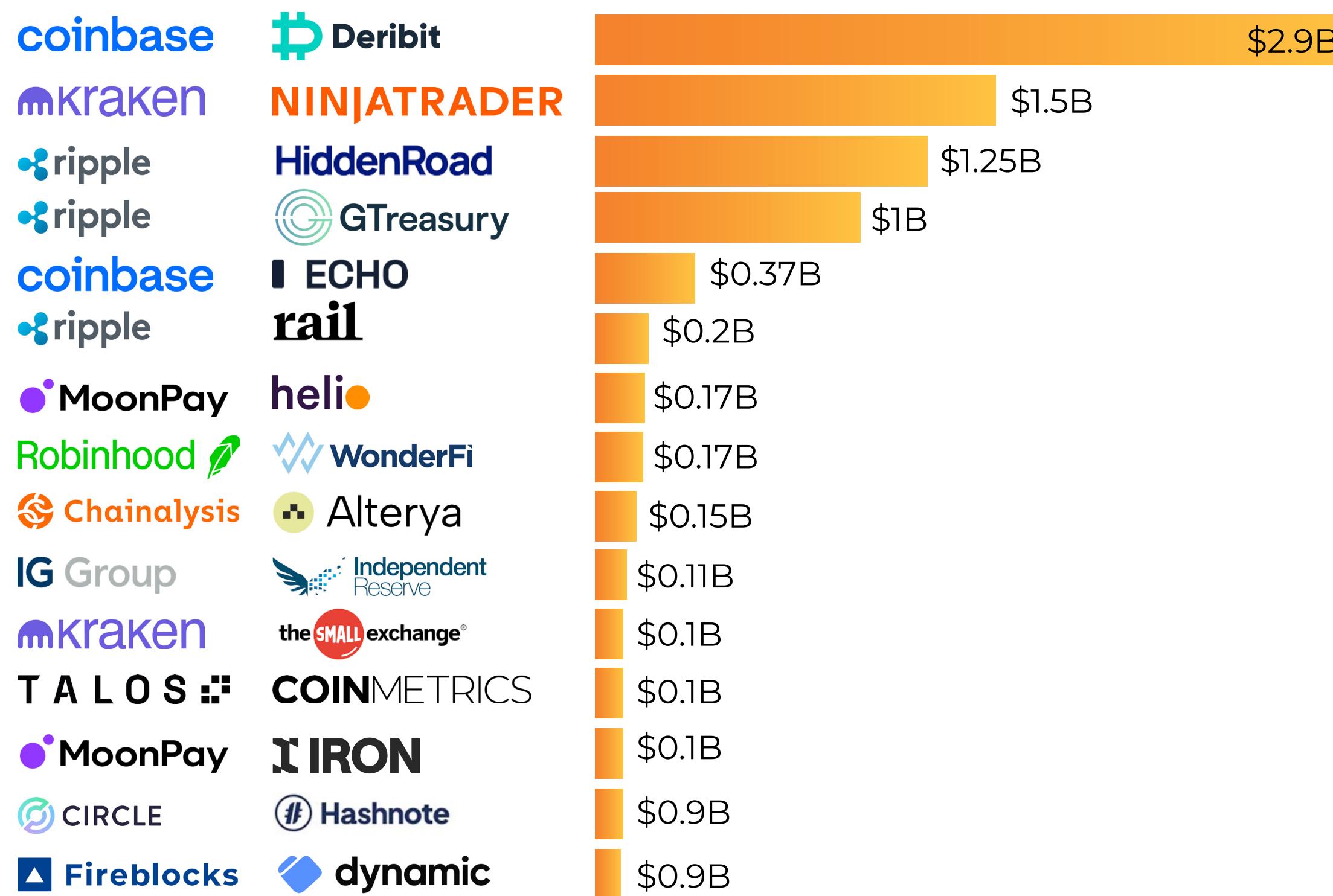


Source: Bitwise

Mergers & Acquisitions

Consolidation accelerated as leading firms expanded across the crypto stack.

Crypto M&A activity 2025 Overview



Source: CipherResearch, as of 4Q 2025.

Mergers and Acquisitions: 2025 Overview

Record Transaction Volume: Crypto M&A hit an all-time high with **\$8.6B in total deals** closed through November 2025.

Market Consolidation: Deal volume across 133 transactions exceeded the combined total of the previous four years.

Coinbase Deribit Anchor: Coinbase led the surge with the **\$2.9B acquisition** of derivatives marketplace Deribit.

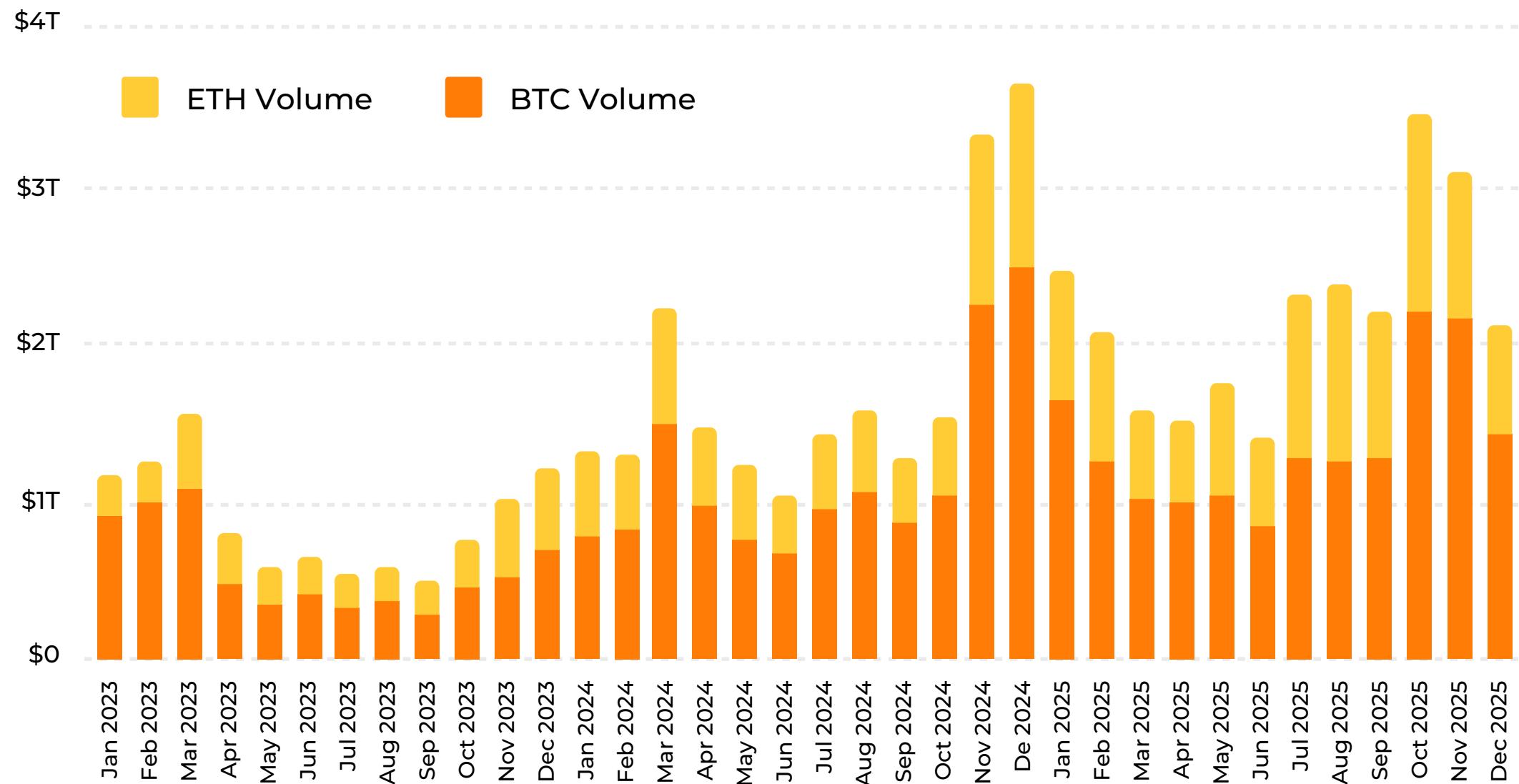
Strategic Infrastructure Shift: Ripple closed **\$2.25B** in deals for prime brokerage (Hidden Road) and treasury management (GTreasury).

Full-Stack Service Race: Kraken and others are acquiring futures and tokenized stock providers to build **institutional-grade financial suites**.

TL;DR: 2025 was a landmark year for consolidation, with \$8.6B in deals reflecting a massive shift toward full-stack institutional services. Driven by favorable Fed policy and regulatory shifts, leaders like Coinbase, Ripple, and Kraken are aggressively acquiring infrastructure to dominate the global crypto-financial stack.

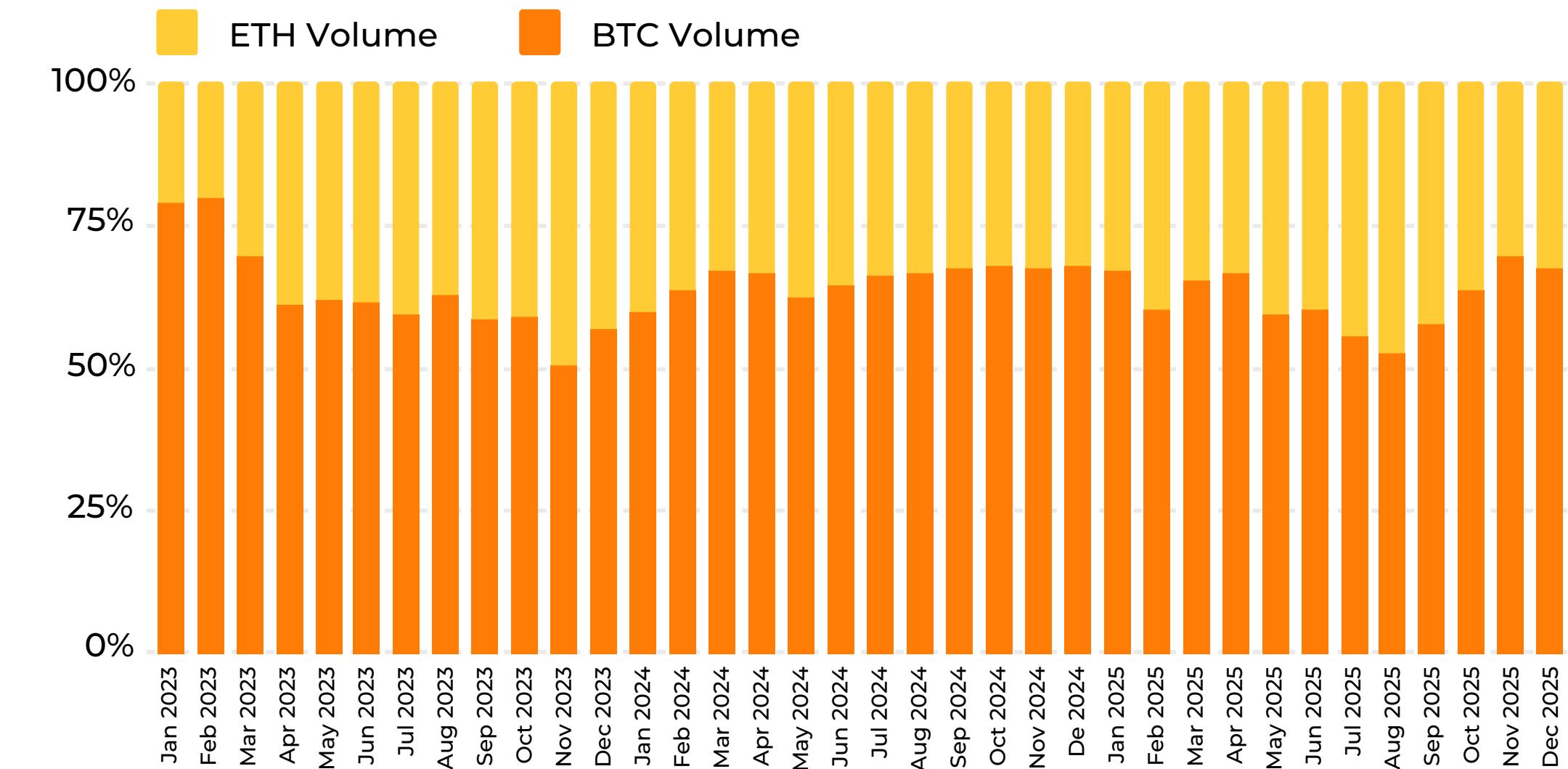
BTC & ETH Volume

Bitcoin remains the primary liquidity anchor despite episodic Ethereum surges.



Source: TokenTerminal, as of Dec 31st 2025.

BTC & ETH Volume Distribution



Key Takeaways: Volume & Institutional Reallocation

Persistent BTC Dominance: Bitcoin consistently led trading volume, solidifying its role as the primary macro hedge and liquidity anchor for institutional portfolios.

Institutional Divergence (August 2025): A historic reallocation occurred as Ethereum ETFs drew **\$3.87 billion** in monthly inflows, while Bitcoin ETFs saw **\$751 million** in net outflows.

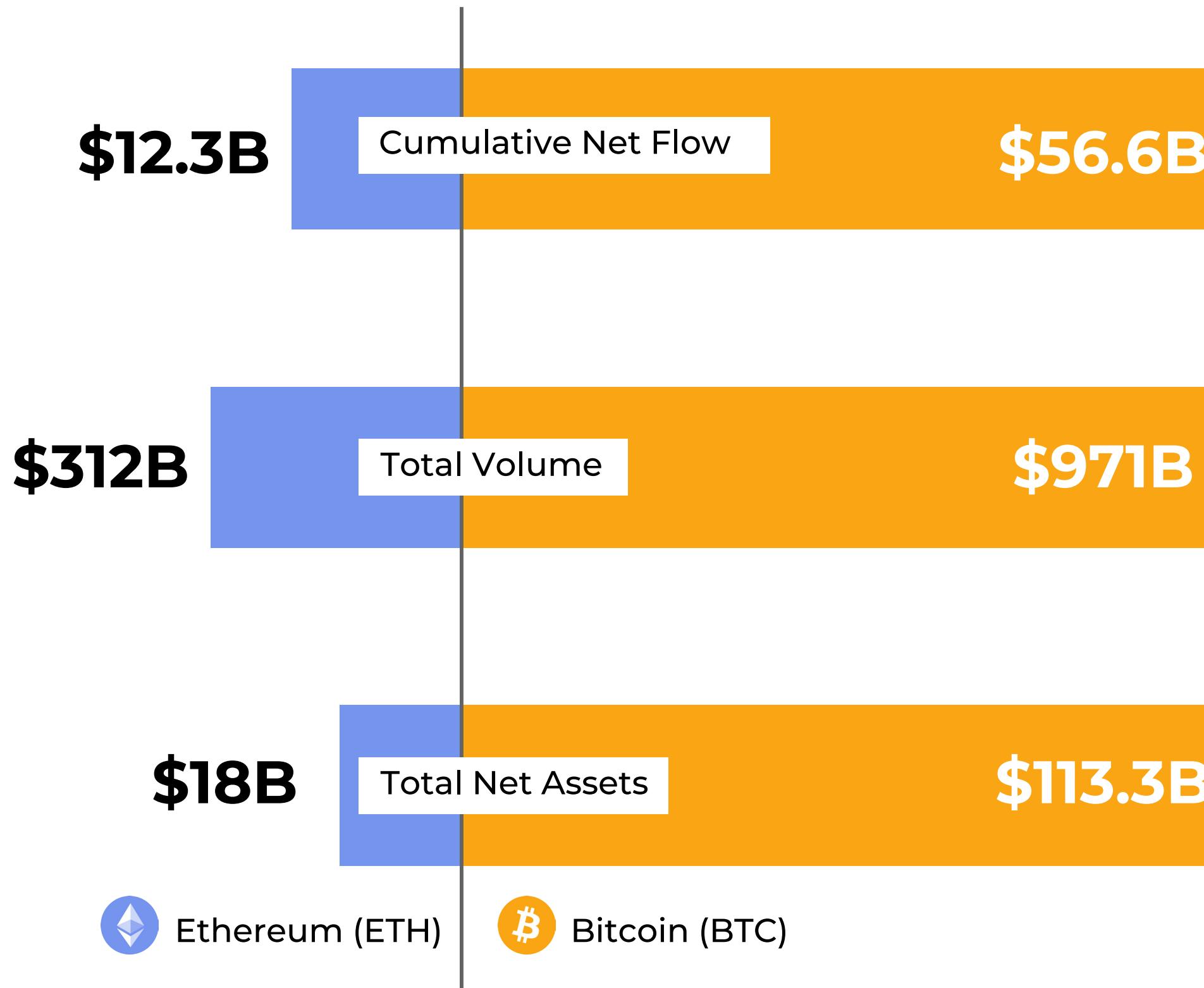
Strategic Convergence Points: November 2023 and August 2025 emerged as critical moments where ETH volume rose to meet or nearly match BTC, signaling intense capital rotation.

Narrative Evolution: Investors shifted from viewing Bitcoin as the sole “store-of-value” to treating Ethereum as a “productive asset” driven by network utility, restaking, and DeFi growth.

TL;DR: While Bitcoin remained the **macro anchor** of the 2023–2025 cycle, Ethereum successfully challenged its volume dominance during two strategic windows. The **August 2025 pivot** was particularly significant, marking a transition where institutional capital explicitly favored Ethereum’s **network-driven utility and yield** over Bitcoin’s pure store-of-value proposition.

BTC & ETH Spot ETFs

Institutional capital remains heavily concentrated in Bitcoin.



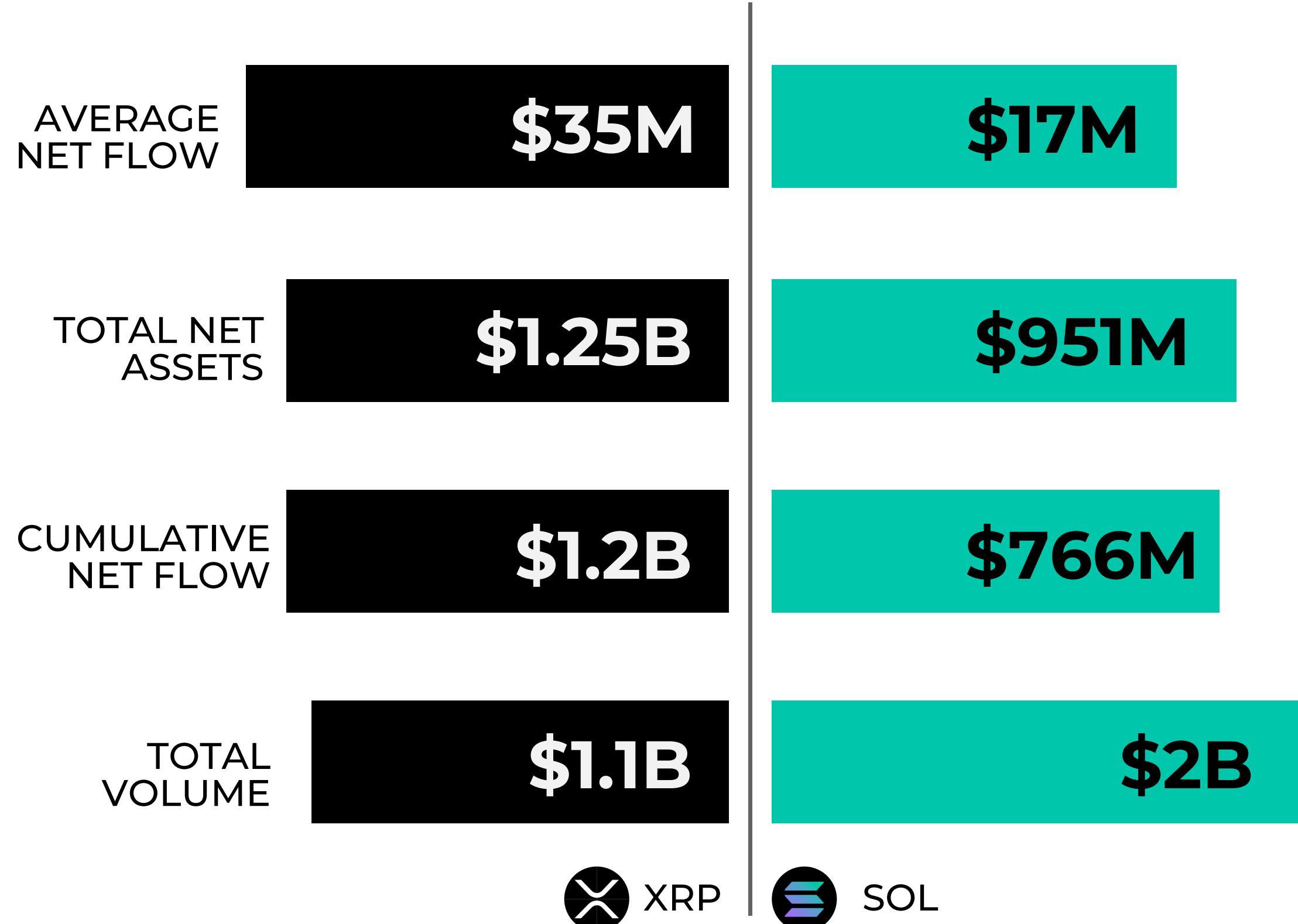
Key Takeaways: The Institutional Era Has Begun

- Institutional Dominance:** Large financial firms and banks have replaced retail flows as the primary market driver throughout 2025.
- Strategic Allocation:** Professional investors now treat Bitcoin as a durable macro hedge, utilizing multi-year risk frameworks rather than short-term speculation.
- ETF Catalyst:** The launch of spot ETFs for BTC and ETH has unlocked record liquidity and mainstream pricing efficiency across global markets.
- Market Maturity:** Advanced custody and exchange infrastructure have transformed Bitcoin into a mature asset class with significantly reduced volatility.

TL;DR: Institutional capital has fundamentally matured the Bitcoin market, replacing retail-driven volatility with stable, long-term allocations. The emergence of spot ETFs has acted as the primary bridge, providing the transparency and liquidity needed for banks and hedge funds to treat digital assets as a standard portfolio diversifier.

XRP & SOL Spot ETFs

Institutional behavior is diverging across alternative crypto ETFs.



Source: SoSoValue, as of Dec 31st 2025.

Key Takeaways: Altcoin ETFs Capture Major Institutional Capital



XRP Spot ETF (Institutional Retention)

- **Total Net Assets: \$1.25B**
- **Cumulative Net Flow: \$1.2B**
- **Performance Insight:** XRP-based products have led the new altcoin ETF cohort, attracting over **\$1.2 billion** in net inflows since their November 2025 debut. The fund exhibits strong capital retention, maintaining a **30-day streak** of uninterrupted daily inflows through late 2025.



Solana (SOL) Spot ETF (High Velocity)

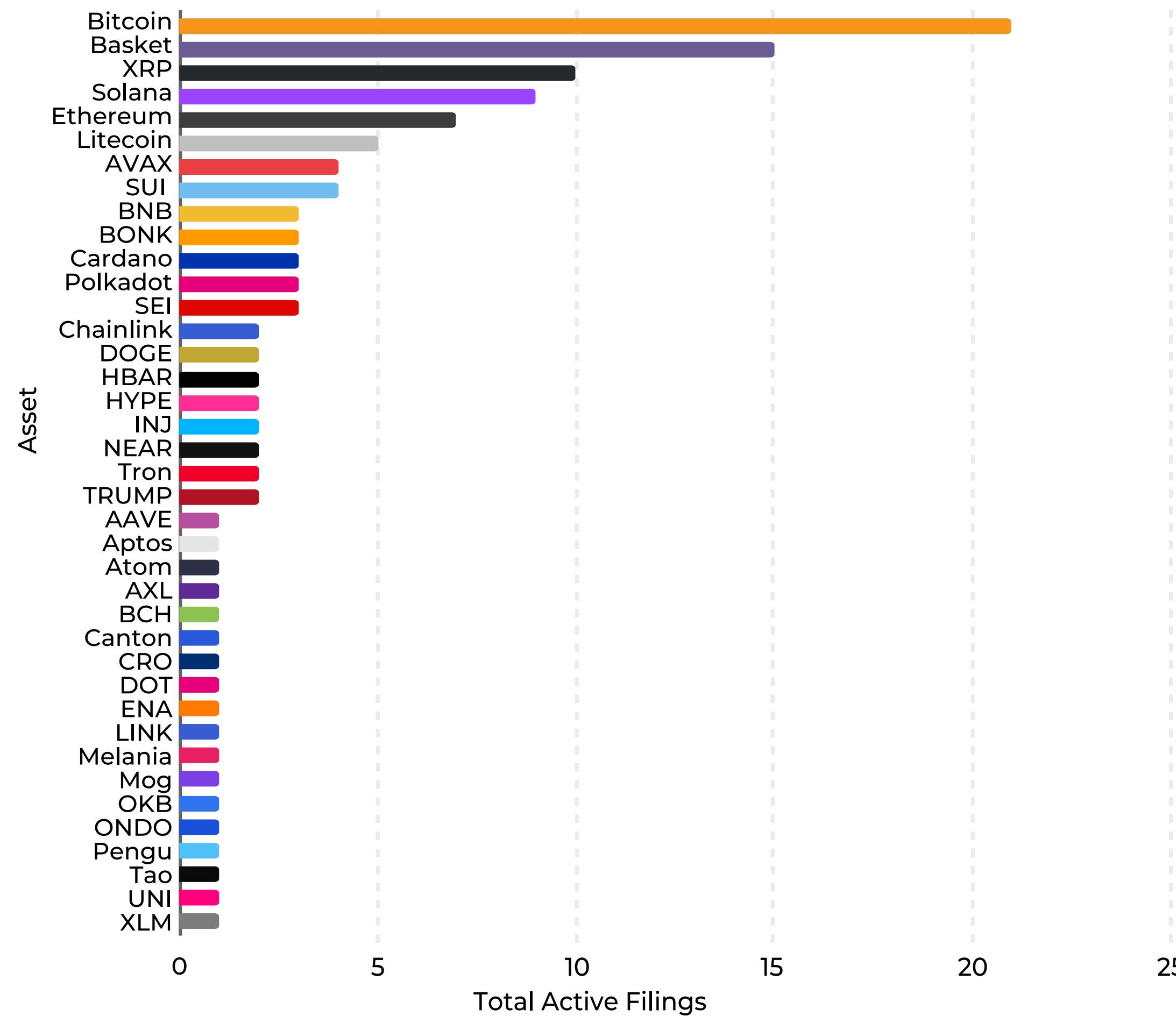
- **Total Net Assets: \$951M**
- **Cumulative Net Flow: \$766M**
- **Performance Insight:** Solana ETFs crossed the **\$1 billion AUM** milestone in early January 2026. Despite having a smaller asset base than XRP, Solana exhibits significantly higher **trading velocity**, with debut-week volumes exceeding **\$250 million** as institutional investors use the fund for tactical exposure.

TL;DR: While XRP ETFs lead in total capital with **\$1.25B in assets**, Solana has rapidly crossed the **\$1B milestone** while maintaining higher trading velocity. This suggests that while XRP is currently favored for long-term **structural allocation**, Solana is the preferred vehicle for high-frequency **institutional trading**.



List of Active ETP Filings

Regulatory demand is clustering around a small set of digital asset leaders.



Source: Bloomberg Intelligence, as of December 11th 2025.

Key Takeaways: ETP Market Expansion

Dominant Market Leaders: Bitcoin continues to lead the institutional race with over **20 active filings**, while **XRP (10)** and **Solana (9)** have solidified their positions as the primary “altcoin” choices for regulated products.

Rise of the “Basket” Strategy: Multi-asset **“Basket”** filings are now the second-largest category with **15 active filings**, signaling a shift toward diversified index-style products over single-coin exposure.

Accelerated Approval Pipeline: Recent regulatory changes have shortened approval timelines to as little as **75 days**, contributing to a “wall of filings” that now includes over **120 pending applications** across dozens of different crypto assets.

TL;DR: Issuers are flooding the market with over 120 ETP filings, fueled by faster 75-day approval timelines for assets like XRP and Solana.



401K Policy Shift: Unlocking the Next Wave of Capital

Retirement capital could become a meaningful new source of long-term inflows.

U.S. 401(k) ASSET POOL: \$9.3 TRILLION

POTENTIAL 1% ALLOCATION: \$93 BILLION



TOTAL BTC ETF INFLOWS (2024-PRESENT): \$57 BILLION



Source: Investment Company Institute, as of mid-2025.

Policy Shift: In August 2025, President Trump issued an executive order to include crypto, private equity, and real estate in 401(k) plans.

Regulatory Timeline: The Department of Labor is currently reviewing fiduciary guidelines, with final rule changes expected by February 3, 2026.

Total Addressable Market: U.S. 401(k) accounts held \$9.3 trillion in assets as of mid-2025.

Inflow Potential: A 1% allocation to digital assets would generate \$93 billion in inflows.

Comparative Impact: This single allocation represents a 63% increase over total BTC ETF inflows since their 2024 debut.

Market Significance: Unlocks massive, long-term “sticky” capital, providing a structural foundation for institutional crypto adoption.

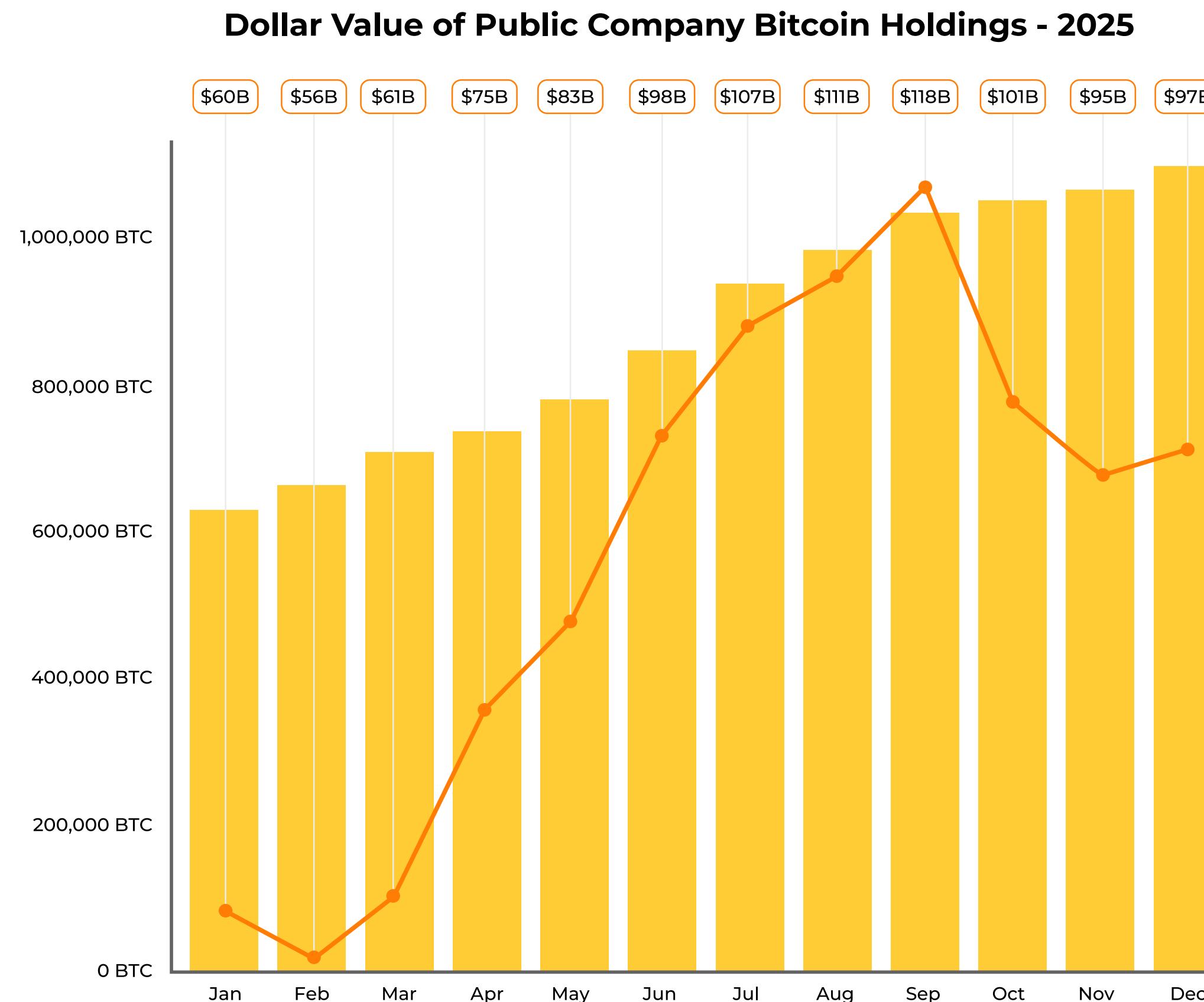
TL;DR: The upcoming February 2026 DOL rule change bridges the **\$9.3 trillion** retirement pool and the crypto market. A 1% shift would inject **\$93 billion** in new demand, dwarfing the impact of the original spot ETF launches and providing massive institutional liquidity.



Bitcoin & Corporate Treasuries

Treasury Issuance (2025)

Corporate issuance is accelerating as balance sheets shift toward digital assets.



Source: BitcoinTreasuries, as of Dec 31st 2025

TL;DR: Crypto has evolved from speculative “hype” into an asset class that is a macro-sensitive pillar of U.S. national security. Despite a late-2025 price drawdown that collapsed equity premiums (mNAV), the market has matured with a 2x increase of tracked participants, the rise of “pure-play” accumulators, and the emergence of multi-billion dollar Ethereum and Solana reserves.

Key Takeaways: Bitcoin Has Become a Structural Corporate Standard

- Expanding Capital Segment:** Bitcoin treasuries represent a rapidly growing sector of the capital market as more firms adopt digital asset reserves.
- Pioneering Dominance:** Strategy (formerly MicroStrategy) remains the industry leader, having maintained dominance since initiating its pioneer purchasing strategy in 2020.
- Pure Play Accumulators:** Specialized entities like Metaplanet, Adam Back’s Bitcoin Standard Treasury Company, and Jack Mallers’ XXI are now wholly dedicated to Bitcoin accumulation.
- Hybrid Growth Models:** While miners like Marathon and Riot generate holdings through production, mainstream giants like Tesla and GameStop, along with various private firms, contribute via strategic purchases.

Leading Treasury Companies (By Cryptocurrency)

Treasury adoption is expanding across a broader set of digital assets.

 BTC	Strategy
 ETH	Bitmine, SharpLink
 SOL	Forward, Solana Company, DFDV, Sharps, Upexi
 LTC	Mei Pharma
 DOGE	CleanCore, TZUP
 LINK	Link Reserve, Caliber
 BNB	CEA Industries, Nano Labs
 XRP	Quantum Bio., Hyperscale, Flora
 ADA	C2 Blockchain, Reliance Global
 CRO	Trump Media
 AVAX	AgriFORCE (AVAX One)
 TON	AlphaTON
 WLD	EightCo

Source: BitcoinTreasuries, as of Dec 31st 2025

 **Top Companies:** Strategy accounts for an estimated 61% of all public treasury Bitcoin holdings. Its closest competitors hold just a fraction of its treasury balance.

 **Rising Participation:** BitcoinTreasuries.net more than doubled the number of treasuries it tracked over 2025.

 **Altcoin Treasuries:** Ethereum and Solana treasuries are now a multi-billion dollar complement to Bitcoin holdings.

 **mNAV Compression:** mNAV has gradually trended downward in recent months and years, pointing to sector compression and reduced interest among investors.

 **Bitcoin Price Impacts:** While Bitcoin holdings have steadily climbed in recent years, declining crypto market prices in late 2025 have reduced the dollar value of companies' holdings.

 **Stock Market Trends:** Bitcoin stock prices have fallen for global "pure play" treasuries following summer highs.

TL;DR: Driven by a doubling of tracked treasuries and a "Great Pivot" in federal policy, the sector has transitioned into an era of global commercial dominance led by Strategy's 61% market share (672,497 BTC), even as mNAV compression and late-2025 price volatility force a shift toward institutional multi-asset reserves.



Top-100 Public Bitcoin Treasury Companies

Corporate crypto treasuries are becoming increasingly global and diversified.

BITCOINTREASURIES.NET		Ticker	Bitcoin [mNAV] [†]
1	Strategy	↑ MSTR	672,497 [0.82]
2	MARA Holdings, Inc.	MARA	53,250 [0.91]
3	Twenty One Capital	XXI	43,514 [0.79]
4	Metaplanet Inc.	↑ MTPLF	35,102 [1.16]
5	Bitcoin Standard Treasury Comp...	CEPO	30,021 [0.10]
6	Bullish	BLSH	24,300 [2.28]
7	Riot Platforms, Inc.	RIOT	19,324 [3.17]
8	Coinbase Global, Inc.	COIN	14,548 [49.03]
9	Hut 8 Mining Corp	HUT	13,696 [4.52]
10	CleanSpark, Inc.	CLSK	13,011 [2.66]
11	Trump Media & Technology Gro...	DJT	11,542 [3.12]
12	Tesla, Inc.	TSLA	11,509
13	Block, Inc.	XYZ	8,780 [51.09]
14	Strive	ASST	7,525 [1.53]
15	GD Culture Group	GDC	7,500 [0.42]
16	Cango Inc	↑ CANG	7,419 [0.39]
17	Galaxy Digital Holdings Ltd	GLXY	6,894 [14.33]
18	Next Technology Holding Inc.	NXTT	5,833 [0.03]
19	KindlyMD, Inc.	NAKA	5,398 [0.38]
20	American Bitcoin Corp	ABTC	5,098 [3.47]
21	Semler Scientific	SMLR	5,048 [0.58]
22	ProCap Financial	BRR	5,000 [0.74]
23	GameStop Corp.	GME	4,710 [26.35]
24	Boyya Interactive International ...	0434	4,091 [0.94]
25	Empery Digital	EMPD	4,081 [0.51]
26	Gemini Space Station Inc	GEMI	4,002 [3.30]
27	OranjeBTC	OBTC3	3,722
28	Bitcoin Group SE	ADE	3,605 [0.58]
29	Capital B	ALCPB	2,823 [1.30]
30	The Smarter Web Company PLC	SWC	2,664 [0.62]
31	DeFi Technologies	DEFI	2,452 [1.37]
32	Microcloud Hologram	HOLO	2,353 [0.18]
33	Sequans Communications S.A.	SQNS	2,264 [0.57]
34	HIVE Digital Technologies	HIVE	2,201 [3.07]

Source: BitcoinTreasuries, as of Dec 31st 2025.

BITCOINTREASURIES.NET		Ticker	Bitcoin [mNAV] [†]
35	Core Scientific	CORZ	2,116 [24.79]
36	Bitdeer Technologies Group	BTDR	1,998 [14.53]
37	BITFUFU	FUFU	1,959 [2.57]
38	Exodus Movement, Inc	EXOD	1,902 [2.95]
39	Bitfarms Ltd.	BITF	1,827 [8.09]
40	Canaan Inc.	CAN	1,730 [24.30]
41	NEXON Co., Ltd.	3659	1,717
42	Fold Holdings Inc.	FLD	1,526 [0.92]
43	Cipher Mining	CIFR	1,500 [41.74]
44	Remixpoint	3825	1,411 [1.81]
45	Anap Holdings Inc.	3189	1,347 [0.61]
46	DDC Enterprise Limited	DDC	1,183 [0.09]
47	Treasury	TRSR	1,111
48	H100 Group	H100	1,046
49	ZOOZ Power	ZOOZ	1,036 [0.06]
50	KULR Technology Group	KULR	1,021 [1.23]
51	Nano Labs	NA	1,000 [0.59]
52	USBC, Inc.	USBC	1,000 [0.05]
53	Ming Shing Group	MSW	833 [0.16]
54	Yueda Digital Holdings	YDKG	819 [0.33]
55	SOS Limited	SOS	803 [20.01]
56	Bitcoin Treasury Corp	BTCT	771 [0.66]
57	Figma Inc	FIG	767
58	Convano Inc	6574	763 [5.40]
59	Aker ASA	AKER	754 [84.45]
60	CIMG Inc	IMG	730 [0.29]
61	Satsuma Technology	SATS	620 [0.77]
62	Méliuz	CASH3	605 [1.51]
63	MercadoLibre, Inc.	MELI	570
64	bitmax	377030	551 [0.84]
65	Alliance Resource Partners, L.P.	ARLP	541 [62.32]
66	Samara Asset Group	SRAG	540 [4.31]
67	Hyperscale Data	GPUS	515 [1.40]
68	Phoenix Group PLC	PHX	514

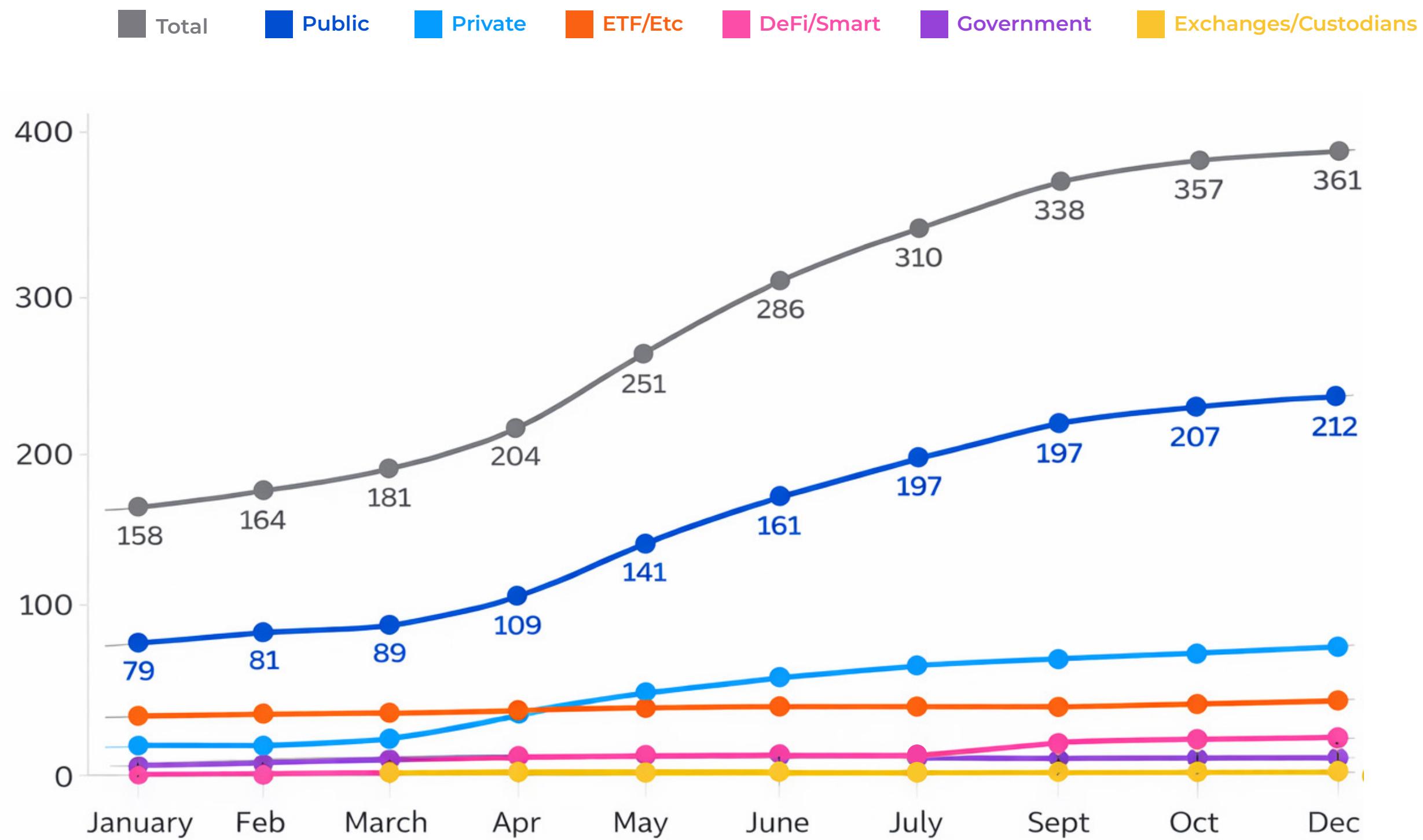
BITCOINTREASURIES.NET		Ticker	Bitcoin [mNAV] [†]
69	DigitalX	DCC	502 [0.85]
70	Prenetics	PRE	502 [4.66]
71	3U Holding AG	UUU	427 [0.32]
72	Neptune Digital Assets	NDA	410 [2.19]
73	Virtu Financial, Inc.	VIRT	410
74	Net Holding A.S.	NTHOL	352 [16.94]
75	Consensus Mining & Seigniora...	CMSG	340
76	DMG Blockchain Solutions Inc.	DMGI	324 [1.20]
77	LM Funding America	LMFA	305 [0.08]
78	POP Culture Group Co., Ltd.	CPOP	300 [1.30]
79	S-Science	5721	296 [11.06]
80	The9 Limited	NCTY	285 [3.82]
81	Bitplanet	049470	265
82	LQWD Technologies Corp.	LQWD	253 [1.23]
83	Coinshares International Limit...	CS	236 [39.60]
84	WEMADE	112040	223
85	Rumble Inc.	RUM	211
86	BitMine	BMNR	192
87	Bitcoin Treasury Capital	BTCB	187
88	Coinsilium	COIN	182 [0.51]
89	Genius Group	GNS	180 [3.13]
90	Matador Technologies Inc	MATA	175 [1.09]
91	The Brooker Group	BTC	165 [6.38]
92	Vanadi Coffee, SA	VANA	161
93	FRMO Corp.	FRMO	159 [22.85]
94	B HODL	HODL	158 [1.39]
95	Parataxis Korea	288330	150 [4.10]
96	Sixty-Six Capital Inc	SIX	149 [0.84]
97	K33 AIB	K33	141 [2.90]
98	BTC5 S.A.	BTF	138
99	Vaultz Capital	V3TC	135
100	Horizon Kinetics Holding Corp	HKHC	132 [37.52]
Total of top 100			1,090,949
Total of all public companies			1,093,641

TL;DR: Strategy (formerly MicroStrategy) remains the undisputed market leader with 672,497 BTC, a holding that is 12.6 times larger than second-place MARA Holdings and anchors a top 100 group that collectively controls over 1.09 million BTC, or roughly 5.2% of the total circulating supply.

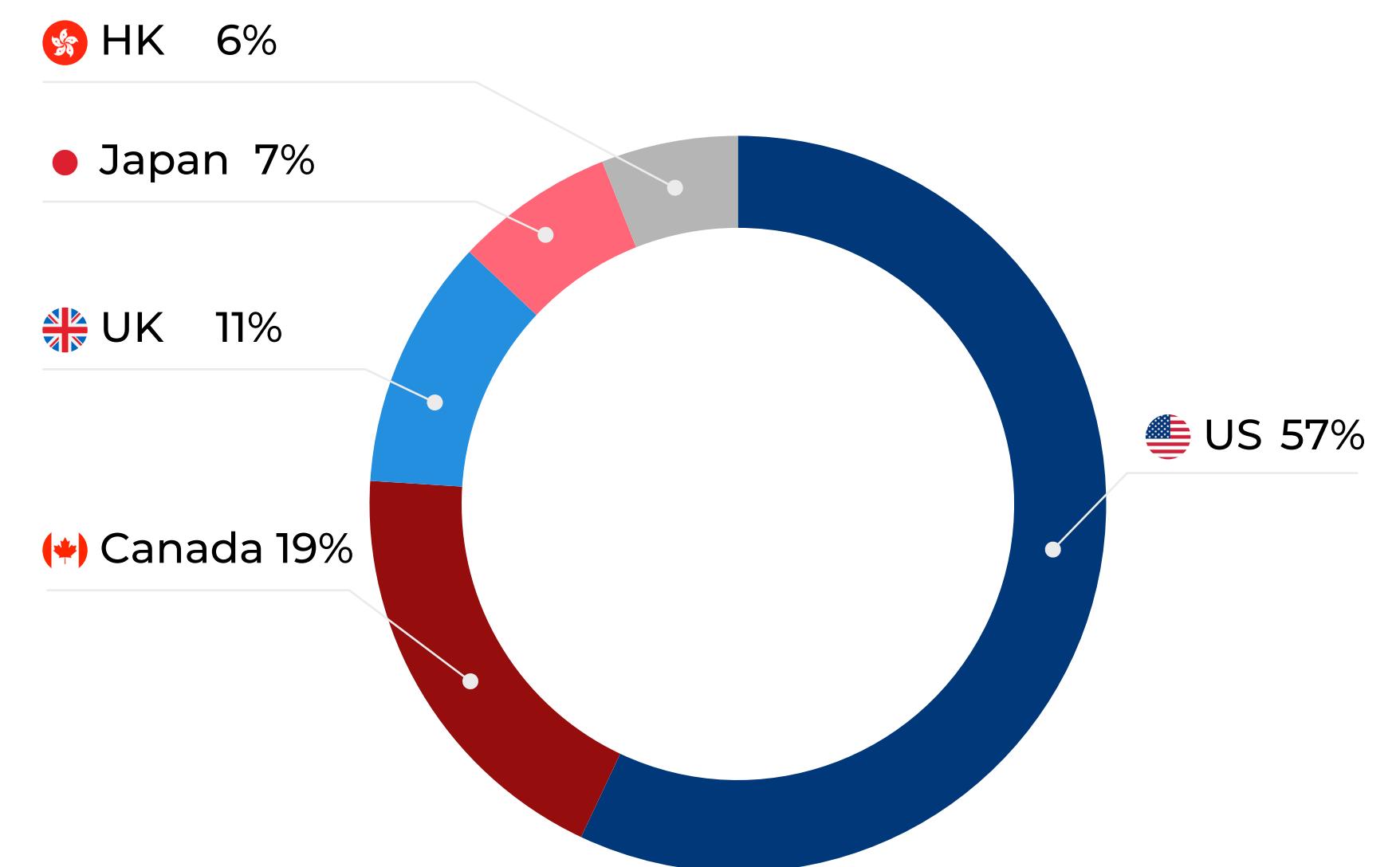


Number of Crypto Treasuries Tracked

Crypto treasury adoption continues to broaden across geographies.



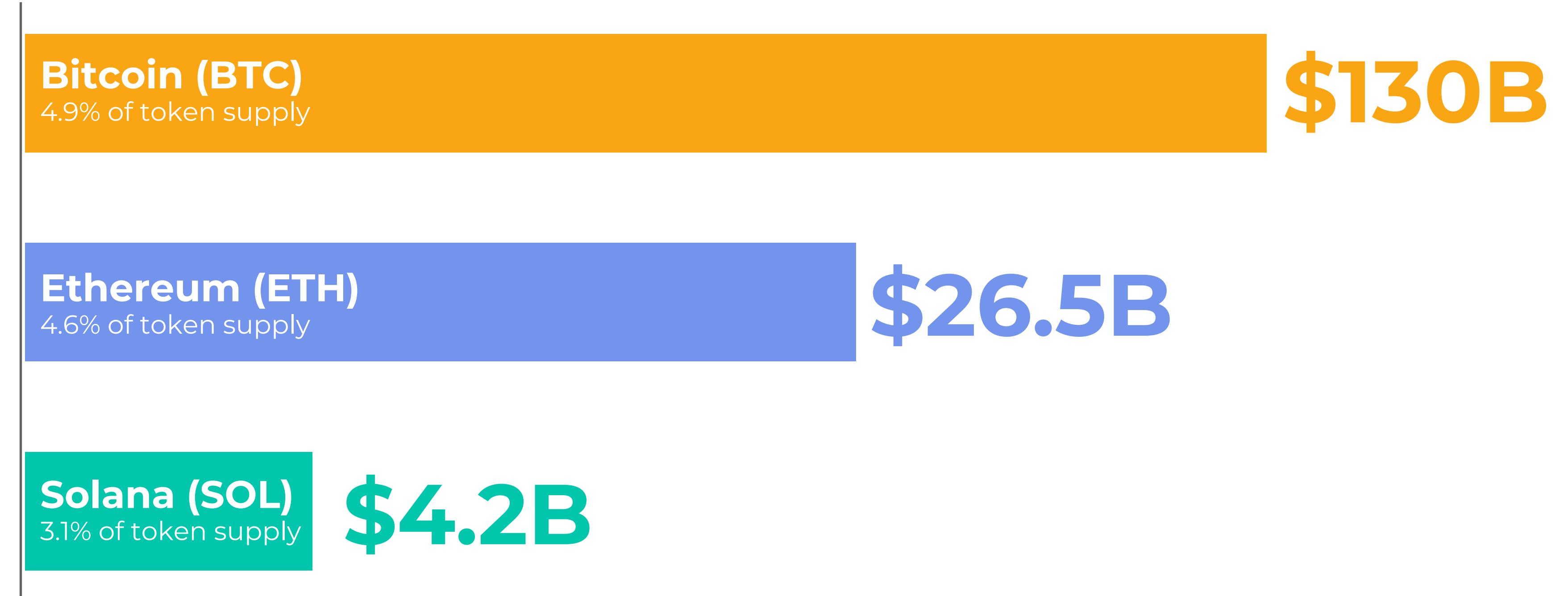
Source: BitcoinTreasuries, as of Dec 31st 2025.



TL;DR: The number of crypto treasuries has grown rapidly over the year, driven primarily by **public companies**, which now make up the majority of tracked entities. Adoption is heavily concentrated geographically, with the **U.S. accounting for 57%**, followed by Canada (19%) and the UK (11%), highlighting North America as the clear center of corporate crypto treasury activity.

Bitcoin vs. Altcoin Treasury Holdings

Bitcoin remains the dominant asset on corporate balance sheets.



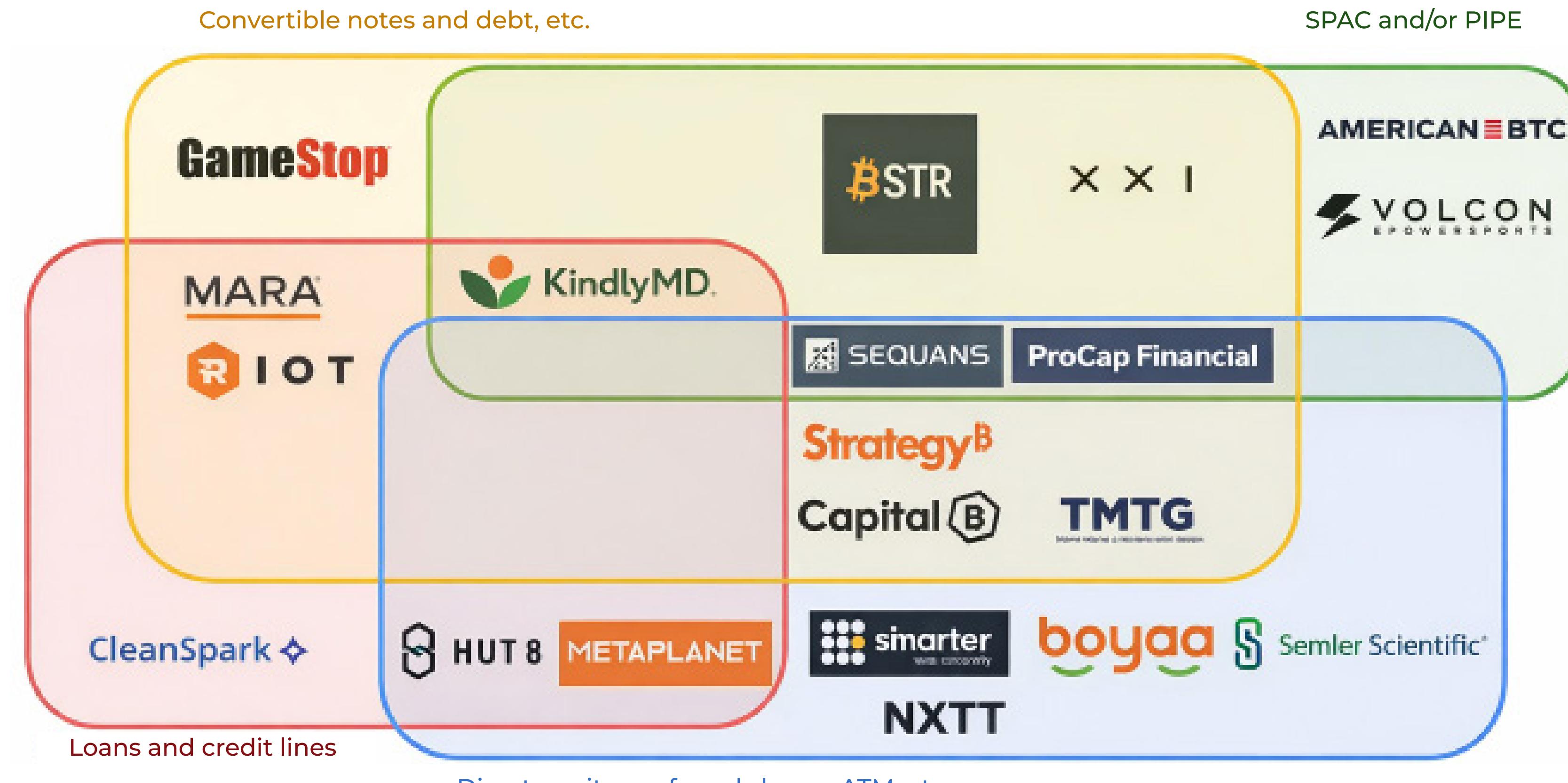
Source: BitcoinTreasuries, as of Dec 31st 2025.

TL;DR: Bitcoin overwhelmingly dominates corporate treasury holdings by value (~\$102B), cementing its role as the primary institutional reserve asset. **Ethereum**, though much smaller (~\$19B), has the highest share of its supply held in treasuries, while **Solana** remains early, with limited treasury penetration both in value and supply share.



How do Bitcoin Treasury Companies Raise Funds

Treasury strategies are being financed through a wide range of capital structures.

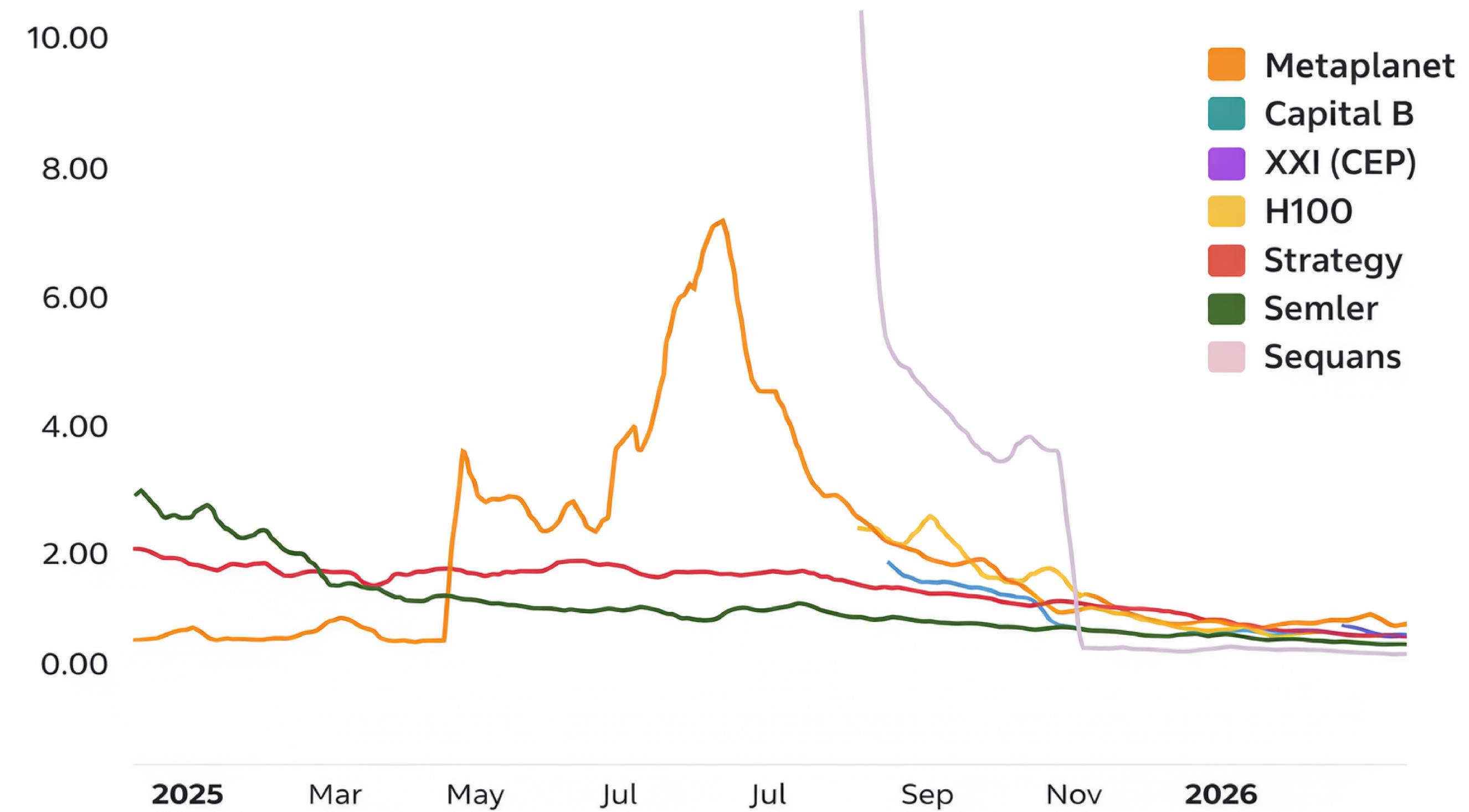


Source: BitcoinTreasuries, as of Dec 31st 2025.

TL;DR: Bitcoin treasury companies fund BTC accumulation through **multiple capital paths**, not a single strategy. Most combine **convertible debt, equity issuance, and credit facilities**, with newer entrants increasingly using **SPAC/PIPE structures**, signaling growing financial sophistication and capital-markets normalization of Bitcoin treasury models.

Historical mNAV of Select Treasury Companies

Treasury-linked equities have converged after early-cycle dispersion.



TL;DR: Bitcoin treasury mNAVs were volatile early in the year, with several companies trading at large premiums, but those premiums have steadily collapsed. By late 2025 into 2026, nearly all tracked names converge toward an mNAV near 1, signaling sector-wide compression and a shift toward more disciplined, valuation-aware capital markets behavior.



Future Outlook

Market focus is shifting from price action to balance-sheet durability.

We see several important trends to watch in the coming months:



Market Trends: While “pure play” valuations remain suppressed, the current drawdown is a gift to the loyal; a necessary decoupling of price from the industry’s accelerating technical maturity.



Bitcoin Below All-Time Highs: Declining Bitcoin prices have reduced treasury holding values, but there is a silver lining: this provides an opportunity for companies buying to purchase BTC at low prices.



Net Additions are Expected: While recent months have seen significant sales, it is expected new purchases will bring net holdings steadily up.



Deindexing Relief: MSCI has dropped plans to exclude Bitcoin treasury companies from its indexes, saving companies from a decision that would have likely caused billions of dollars in outflows.



Company Count: Companies may enter the Bitcoin treasury space even if purchases remain small, allowing growth in the treasury sector independent of large fundraisers and spending.



Altcoin Trends: ETH and SOL treasuries are growing alongside Bitcoin, and treasuries focused on altcoins such as XRP, BNB, and others stand to grow as well.

Source: BitcoinTreasuries, as of Dec 31st 2025.

TL;DR: Bitcoin treasury stocks remain under pressure as lower BTC prices compress valuations, but this creates an opportunity for companies to accumulate at discounted levels. Despite some near-term selling, net holdings are expected to rise, regulatory and index risks have eased, and the treasury model is expanding beyond Bitcoin to ETH, SOL, and other altcoins.



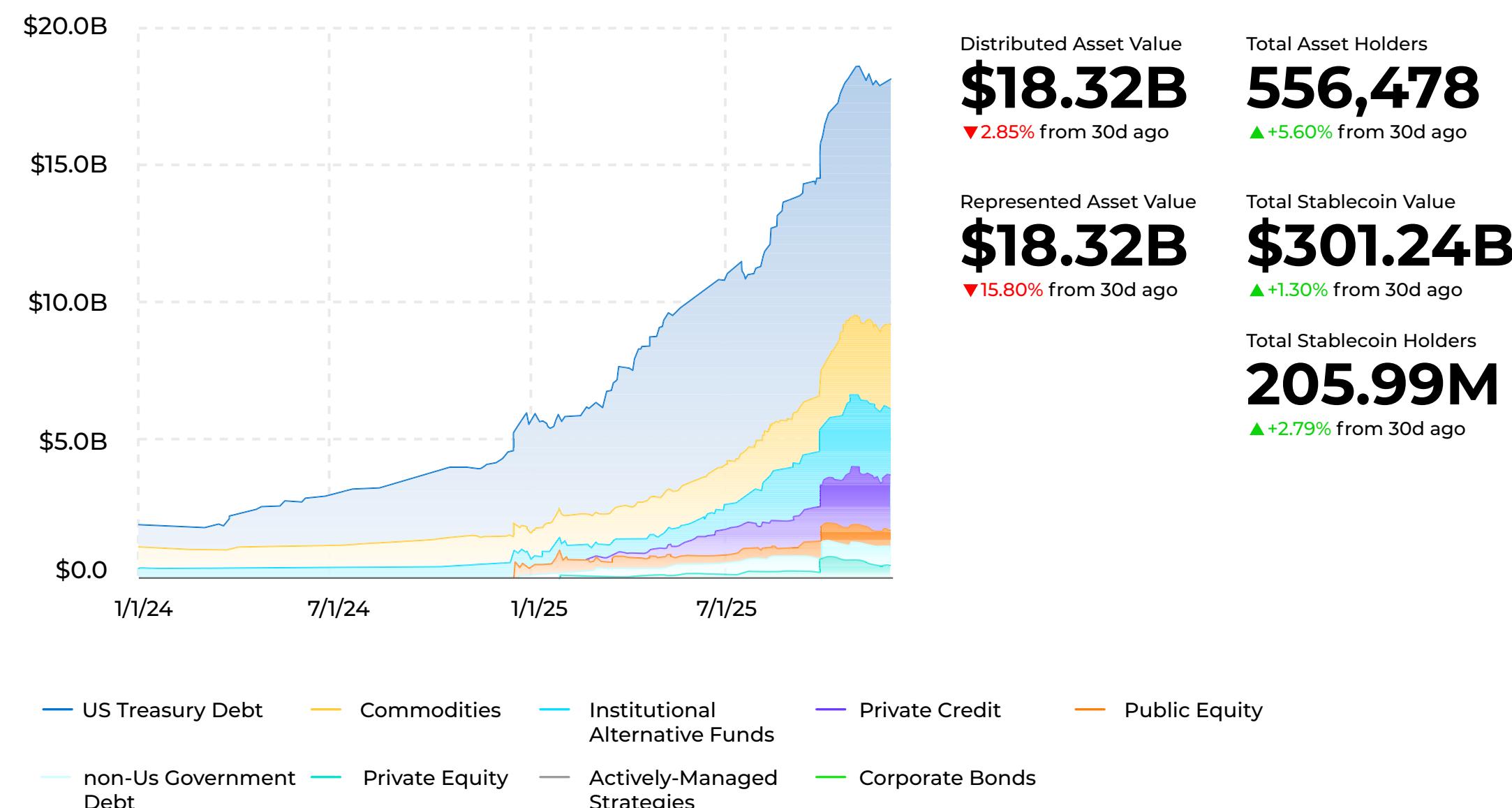
The Onchain Economy

Real World Assets (RWA)

Tokenization activity is scaling beyond crypto-native use cases.

What is Real-World Asset Tokenization?

Real-world asset tokenization is the process of creating a digital representation of an asset on a blockchain, where the token reflects legal rights attached to the underlying asset through established structures such as SPVs, trusts, or fund vehicles.



Source: rwa.xyz, as of Dec 31st 2025

Key Takeaways: Tokenized Real World Assets (RWA)

Bifurcated Market: \$391.5B sits in private networks (Canton) vs. \$18.3B on public chains (ETH/SOL).

Institutional Dominance: Canton Network holds a 91% market share (\$372.7B) for institutional asset recording.

Public Chain Leaders: U.S. Treasuries lead public RWA, topped by BlackRock's BUIDL (\$2.3B) and Circle's USYC (\$1.2B).

Commodity & Stablecoin Anchor: Tokenized gold exceeds \$3B, while stablecoins provide a \$301.2B liquidity floor.

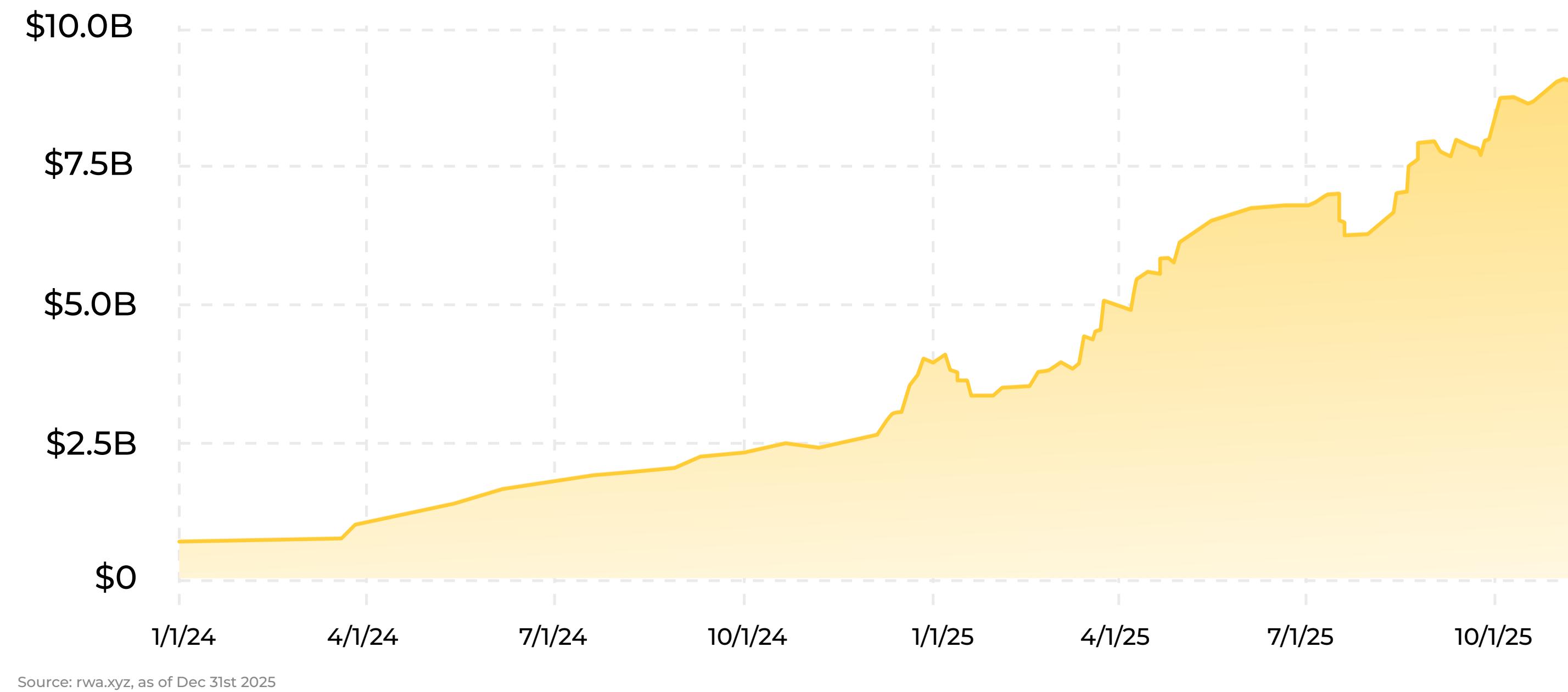
Rising Adoption: Asset holders reached 556k (up 5.6% monthly), supported by 206M stablecoin users.

TL;DR: As of late 2025, the RWA market has reached a massive \$400B+ valuation, though it remains highly concentrated within private institutional networks like Canton (91% share). While private rails handle the bulk of represented value, public blockchains are seeing significant traction in tokenized Treasuries and Commodities, setting the stage for a 2026 expansion into private credit and broader equity settlement.



Total RWA Value (2022-2025)

Tokenized asset value is compounding as on-chain finance matures.

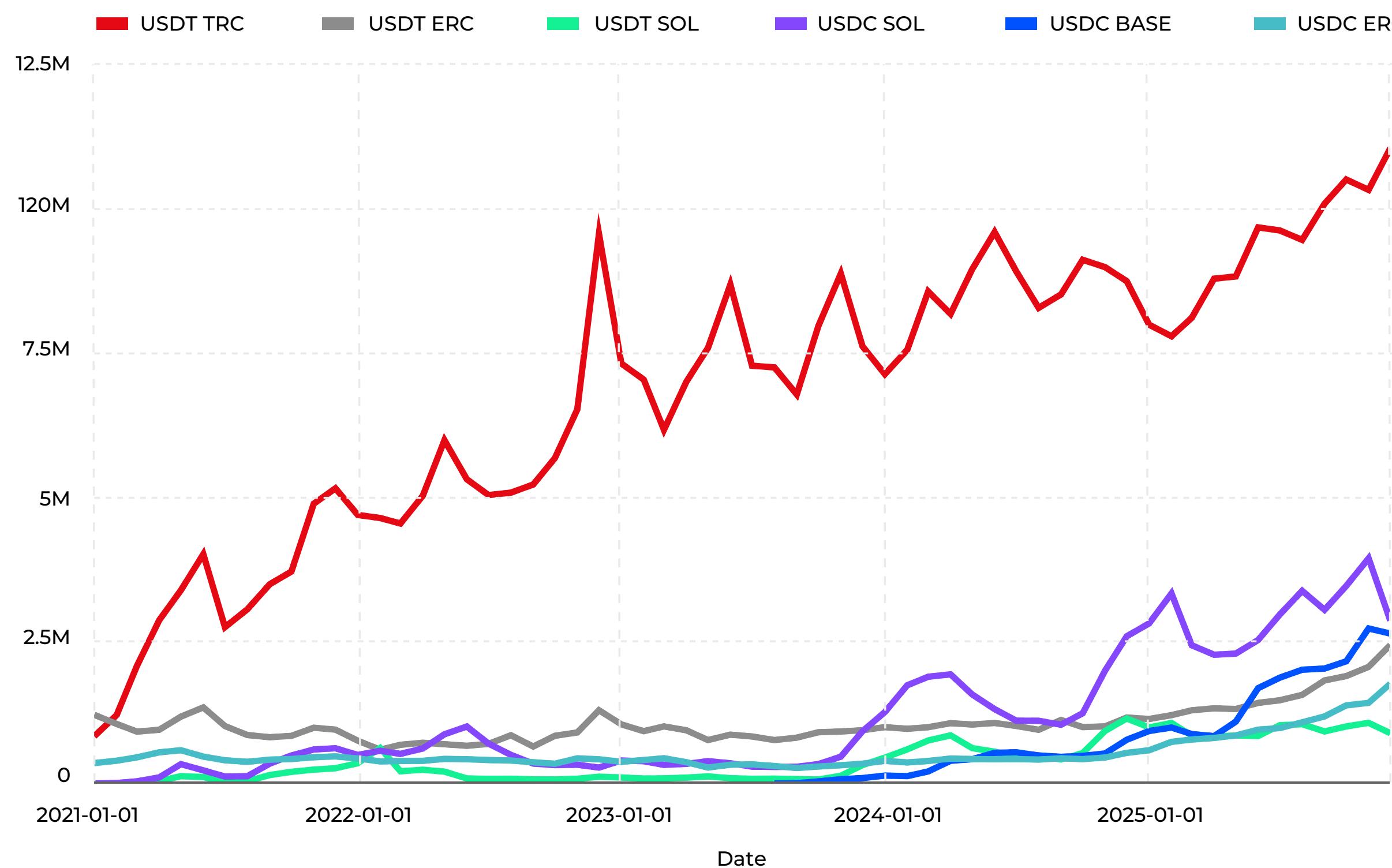


Tokenised money market funds (TMMFs) are regulated securities that represent shares in funds investing in short-term government debt and repos, but circulate as tokens on public blockchains like Ethereum, offering yield at money market rates while enabling on-chain programmability and peer-to-peer trading. The sector has grown more than tenfold from \$770 million at end-2023 to nearly \$9 billion by October 2025, emerging as a key RWA segment bridging traditional finance with DeFi infrastructure.

Ethereum now accounts for 50% of total value locked as institutional adoption accelerates, with major players including BlackRock's BUIDL and Franklin Templeton entering alongside crypto-native firms like Ondo Finance. The market remains highly concentrated, with roughly 90% of holdings in top funds controlled by just four wallet addresses, predominantly DeFi protocols using TMMFs as yield-bearing collateral. While TMMFs address stablecoin limitations by offering returns in a higher rate environment, risks persist around liquidity mismatches between instant redemption capabilities and traditional settlement cycles, interconnectedness with stablecoins, and potential run dynamics amplified by blockchain transparency.

Stablecoin Migration: The Structural Shift to Low-Fee Rails

Transaction activity is migrating toward faster, lower-cost settlement networks.



Source: TokenTerminal, as of Dec 31st 2025.

Key Takeaways: Stablecoin Migration to Low-Fee Rails

USDT on TRON: The Global Payments King

USDT-TRC is now the dominant global rail, growing from <1M monthly senders in 2021 to 11M+ by late 2025. This persistence proves its role as “everyday money” for remittances, P2P, and merchant flows in emerging markets.

The USDC Migration: Solana & Base Surge

USDC activity has decisively migrated to Solana and Base, both now **materially surpassing Ethereum** in active senders. Solana routinely posts **2M–4M monthly senders**, while Base scaled from zero to **2.5M+** in just two years.

Ethereum's Shift: Institutional Settlement

Ethereum-based growth has remained flat compared to low-fee alternatives. While it remains the anchor for **high-value institutional settlement**, it is no longer the default venue for high-volume, high-frequency stablecoin transfers.

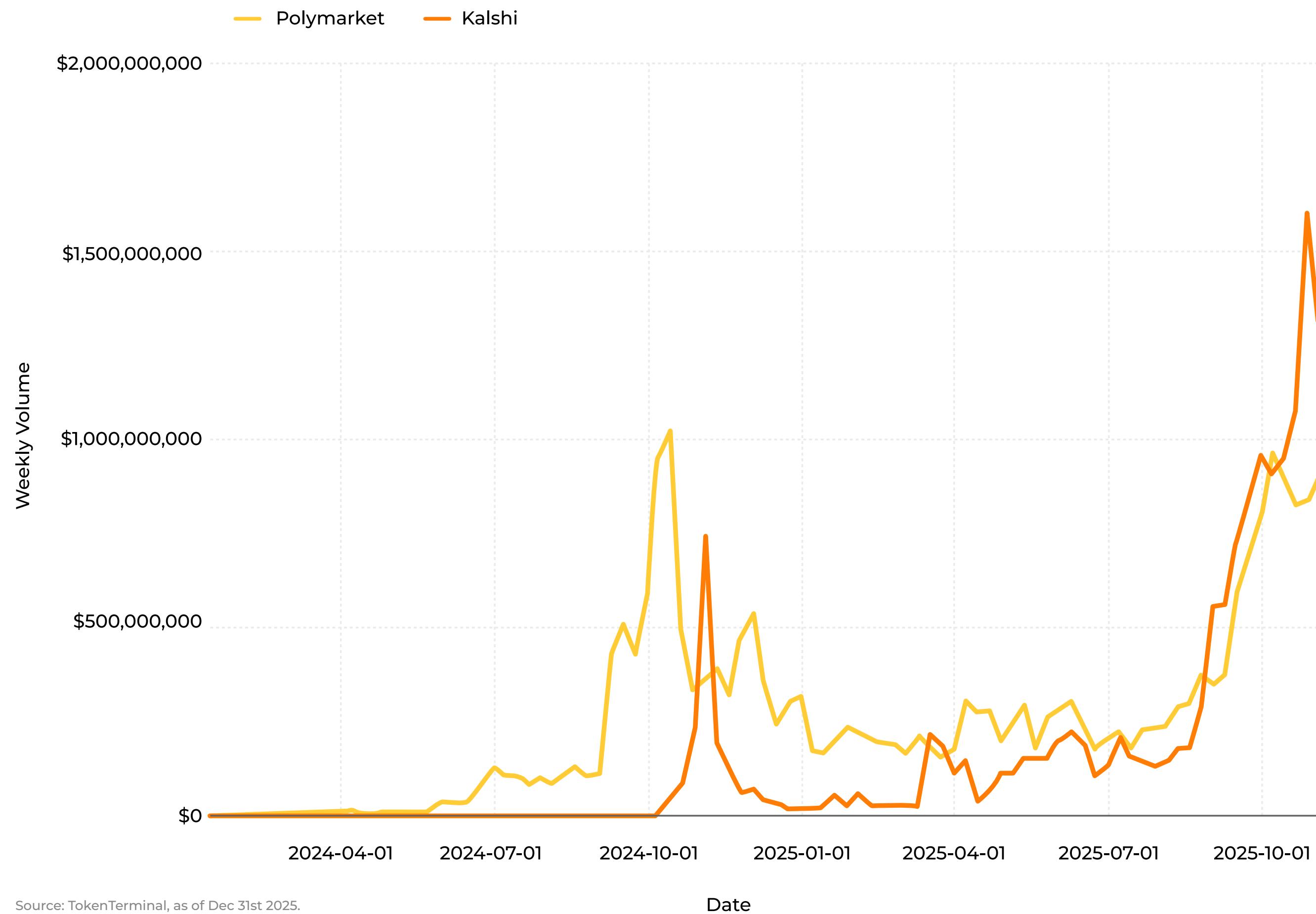
The Core Driver: Fee Sensitivity

Five years of data confirm stablecoin velocity moves toward **the cheapest and fastest environments**. High-frequency usage is entirely fee-sensitive, driving the massive divergence between L2s/Alt-L1s and the Ethereum mainnet.

TL;DR: Stablecoin velocity has moved to the edges. **TRON** dominates global payments (11M+ users), while **Solana and Base** have replaced Ethereum as the primary engines for high-frequency USDC activity.

Prediction Markets Weekly Volume

Trading activity is accelerating as prediction markets gain mainstream traction.



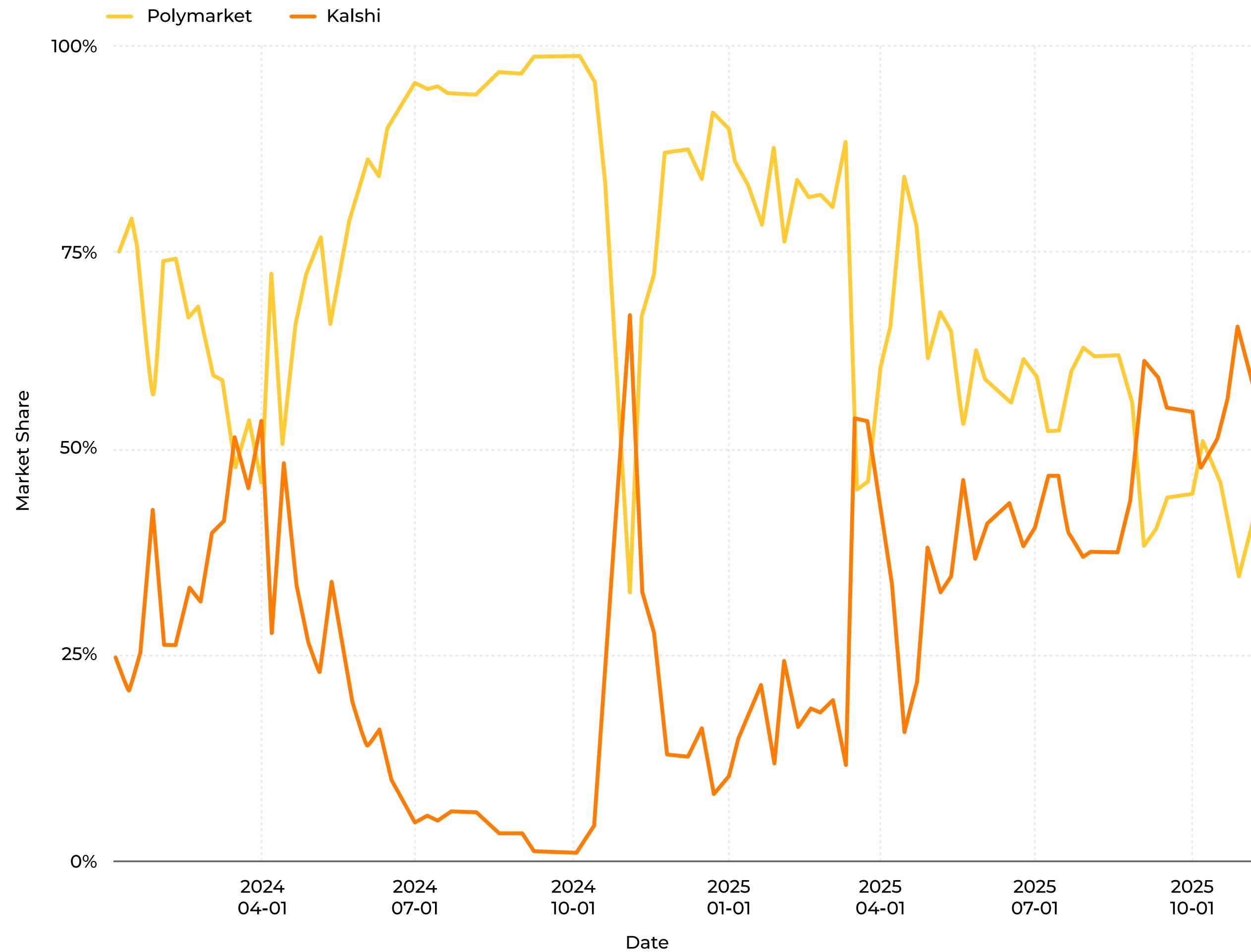
Key Takeaways

- Volume Explosion:** Weekly trading volumes surged to record highs following the **November 2024 U.S. election**. 
- Competitive Reshuffling:** The market transitioned from a Polymarket near-monopoly to a **duopolistic landscape**. 
- Kalshi Momentum:** Kalshi achieved a breakout milestone, capturing over **40% of total market activity**. 
- Institutional Adoption:** Massive volume spikes signal a shift from niche speculation to **mainstream sentiment tracking**. 
- Predictive Utility:** Sustained post-election flows suggest these platforms are becoming **permanent fixtures** in global forecasting. 

TL;DR: In 2025, prediction markets became a permanent fixture in global forecasting as **Kalshi captured 40% of activity**, breaking the previous monopoly and creating a **regulated duopoly**. Massive post-election volumes signaled a definitive shift from niche speculation to **mainstream sentiment tracking** and institutional-grade predictive utility.

Polymarket vs. Kalshi Market Share

Market leadership shifted rapidly during periods of heightened event risk.



Key Takeaways: New Moats are Emerging

- ↑ CFTC-Reulgated Contracts Growth Fueling Kalshi Surge
- ↑ Institutional & US-Based Capital Influx
- ↑ Polymarket leading Offshore and Entertainment Use Cases

TL;DR: The shift to a regulated duopoly has permanently elevated prediction markets into institutional forecasting tools, with market share now stabilized between Polymarket and Kalshi. While election-year spikes proved the utility of these platforms, the sustained post-election volume signals they have transitioned from speculative novelties into essential mainstream sentiment trackers.

Prediction Markets Next Act

Prediction markets are transitioning from niche platforms to institutional-scale infrastructure.

Prediction Markets: The Scaling Phase

 **Valuation Parity Reached:** Kalshi's late-2025 valuation hit **\$11B**, placing it on equal footing with Polymarket's rapid growth.

 **Strategic Capital Influx:** Polymarket secured a landmark **\$2B investment from ICE**, while Kalshi raised **\$1B from Sequoia/CapitalG**.

 **Normalization Era:** Markets are evolving from seasonal speculation into **continuous information engines** for macro and sports data.

 **Scale-Up Momentum:** Polymarket is reportedly seeking a new round to reach a **\$15B valuation** by 2026.

 **Structural Convergence:** Both leaders are moving from "proof of concept" to integration with **mainstream financial primitives**.

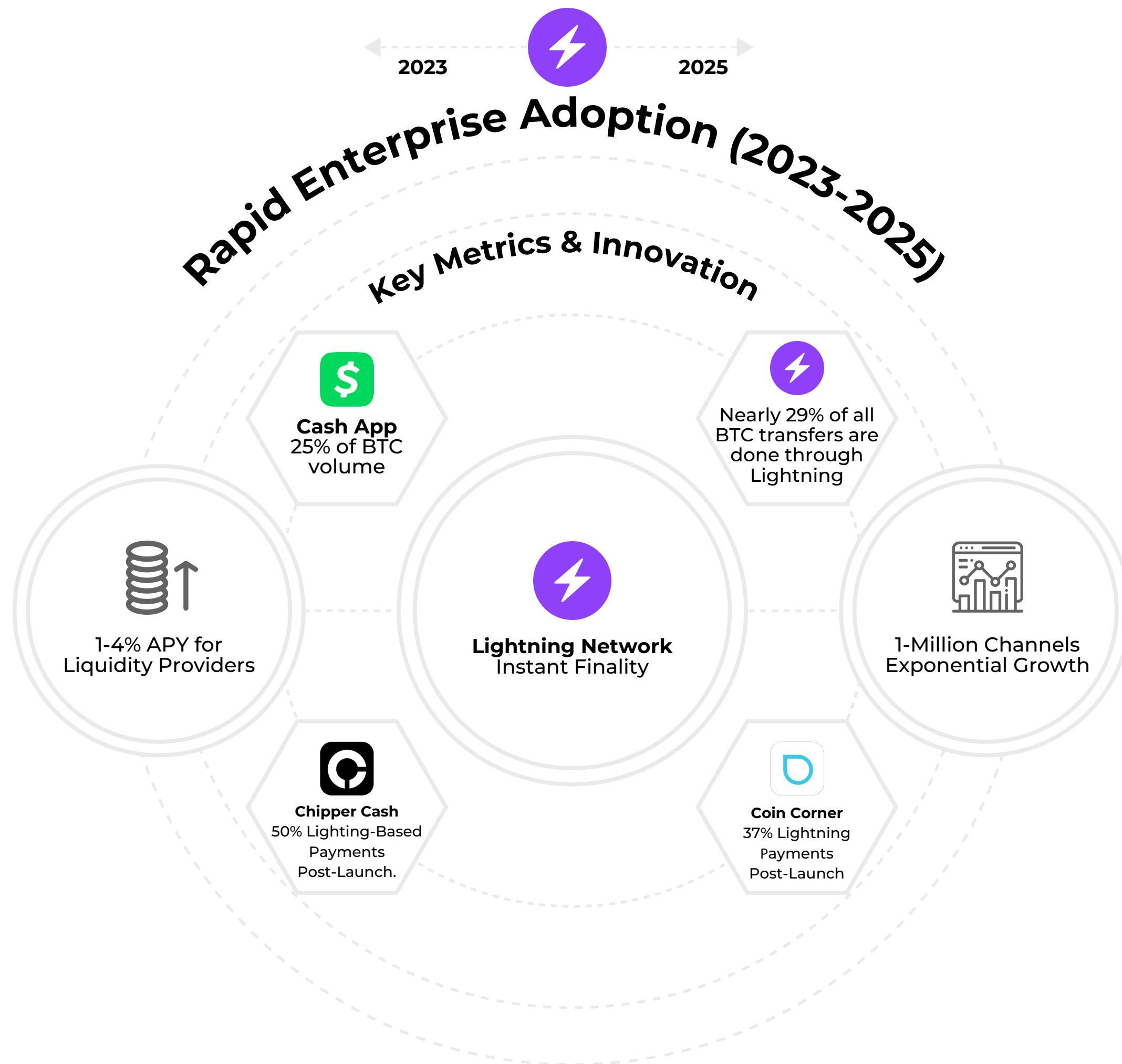
TL;DR: Prediction markets have successfully transitioned from seasonal election hype into a **\$20B+ institutional asset class**. This maturity is driven by a massive **\$3.7B capital influx** and a permanent pivot toward macro and sports-based forecasting utility.

Fundraising Amounts			
Platform	Raise	Valuation	
 Polymarket	2020	\$4m	\$30m
	2021	\$25m	\$150m
	2024	\$55m	\$500m
	2025	150m	\$1.2b
	2025	\$2b	\$9b
Kalshi			
Platform	Raise	Valuation	
 Kalshi	2019	\$150k	-
	2021	\$30m	\$100m
	2025	\$185m	\$2b
	2025	\$300m	\$5b
	2025	\$1b	\$11b



Lightning: Key Metrics & Innovation (2023-2025)

Lightning adoption is accelerating as enterprise use cases mature.



Lightning Network Core: Functions as a global rail with 98% transaction success and instant finality.

Cash App: Processes 25% of its total Bitcoin volume through Lightning.

Coinbase: Nearly 15% of all platform Bitcoin transactions flow through Lightning.

Chipper Cash: Migrated 50% of its total payments to the network post-launch.

CoinCorner: Over 37% of all Bitcoin payments are settled via Lightning.

Yield Innovation: Liquidity providers can earn between **1-4% APY** on self-custodied Bitcoin through routing fees and liquidity leasing.

Network Scale: The ecosystem has expanded to over **1 million channels**, reflecting exponential infrastructure growth.

TL;DR: Enterprises globally are adopting Lightning for speed, cost, and reliability, with transaction success rates matching traditional card networks.



Bitcoin's Transition to a Global Payment Rail

The Lightning Leap for Decentralized Instant Settlement.

The Bitcoin Lightning Network has moved beyond an experimental protocol to become a high-speed, enterprise-grade payment and remittance tool.

Viral Growth: Bitcoin as a Real-World Payment System



Exponential Reach: The global user base surged from 500k to over **900 million** in just six years, driven by mainstream exchange integrations.



Liquidity Milestone: Public capacity shattered records, crossing **5,000 BTC by 2024** and reaching **5,411 BTC** by late 2025.



Enterprise Scaling: Large exchanges (Binance, OKX, Kraken) now act as core liquidity hubs, processing millions in monthly volume with **99%+ reliability**.



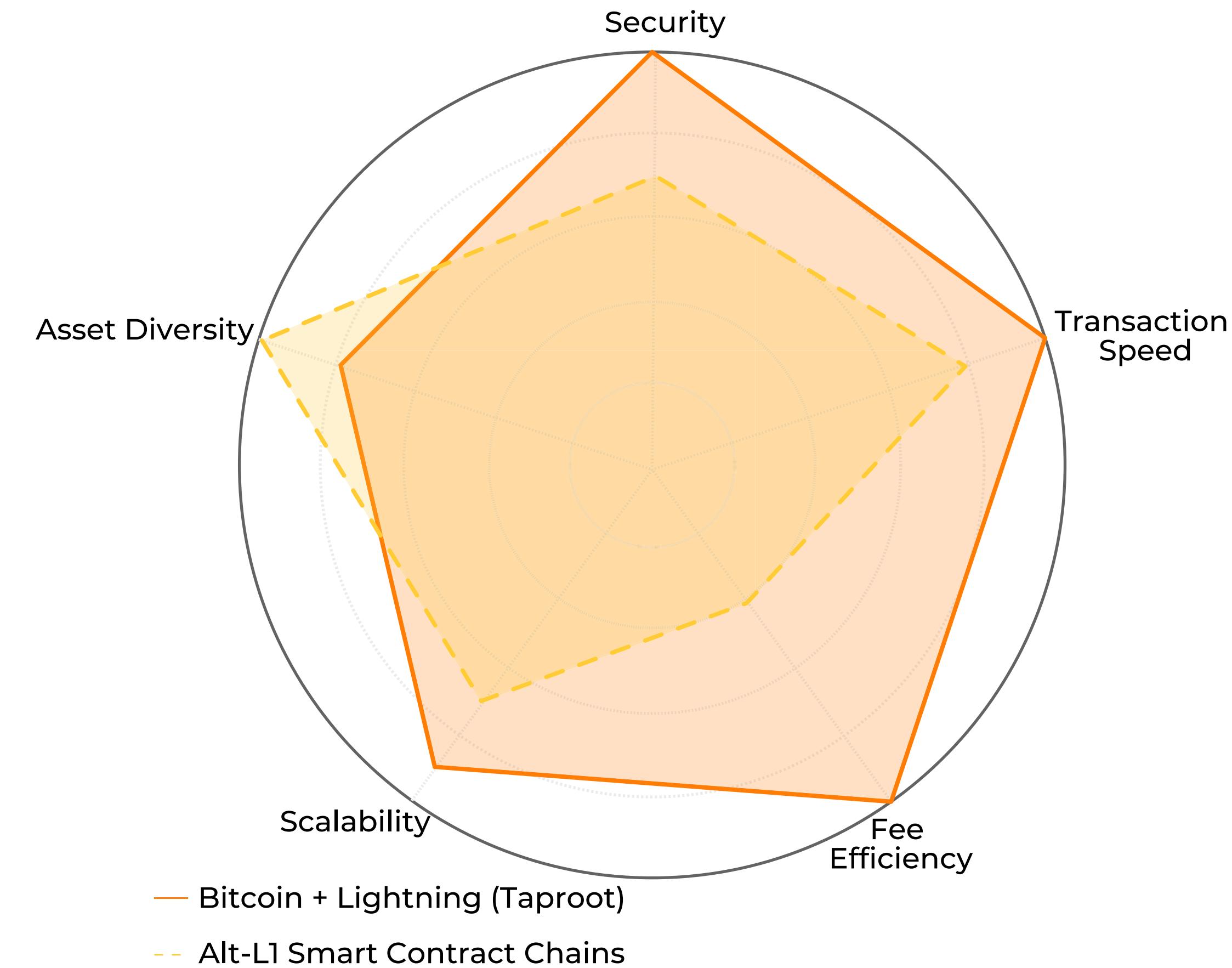
Multi-Asset Future: New upgrades like **Taproot Assets (v0.7)** now enable stablecoins like USDT to move over Lightning rails, potentially bringing trillions in volume to the network.

TL;DR: The global Bitcoin payment ecosystem has reached a massive scale, exploding to 900 million users by late 2025, with liquidity hitting 5,411 BTC. Major exchanges now provide 99%+ reliable rails for trillions in potential volume via Taproot Assets.



Infrastructure Comparison: Taproot Assets vs. Legacy Chains

Lightning-native assets offer a structurally different performance profile.



Bitcoin-Backed Stablecoins

- Near-Zero Fees
- Instant Global Settlement
- Multi-Currency Support (Taproot) Bitcoin-grade security

Legacy Stablecoins

- High Gas Fees
- Centralized Risks
- Limited Interoperability

TL;DR: Taproot assets enable stablecoins to inherit lightning's speed and Bitcoin's security without the high fees or congestion of Ethereum and Solana. This transforms lightning into a multi-currency rail where Bitcoin provides invisible, instant settlement for global currencies.

Technical Innovation: The Engine of the Boom

Infrastructure maturity is unlocking real-world Lightning adoption.

The recent surge in Lightning adoption is being driven by a mature ecosystem of technical tools and institutional confidence. Companies are lowering the barriers to entry, making it simple to embed high-speed Bitcoin payments.

Key Adoption Drivers & Companies



Speed to market: SDKs and APIs from Voltage, Breez, and LDK allow fintechs to launch Lightning integration in as little as two weeks.



Market Reach: An estimated over 122 million Lightning-capable wallets exist globally, the majority ready to be activated.



Enterprise Integration: A leading Voltage customer with 1.8M+ users routes all transactions over Lightning.



Commerce: As of November 2025, over 4 million small business merchants using Square terminals now have capability to receive Lightning Network payments, while being capable to settle in dollar denominated accounts.



Institutional View: Fidelity Digital Assets' 2025 research framed Lightning as the most viable network for micropayments, global commerce, and stablecoin rails.

Lightning Beyond Bitcoin: A Multi-Asset Rail



Stablecoins: Stablecoin issuers like Tether have confirmed Taproot Assets integrations, extending Lightning beyond Bitcoin into a multi-asset financial network.

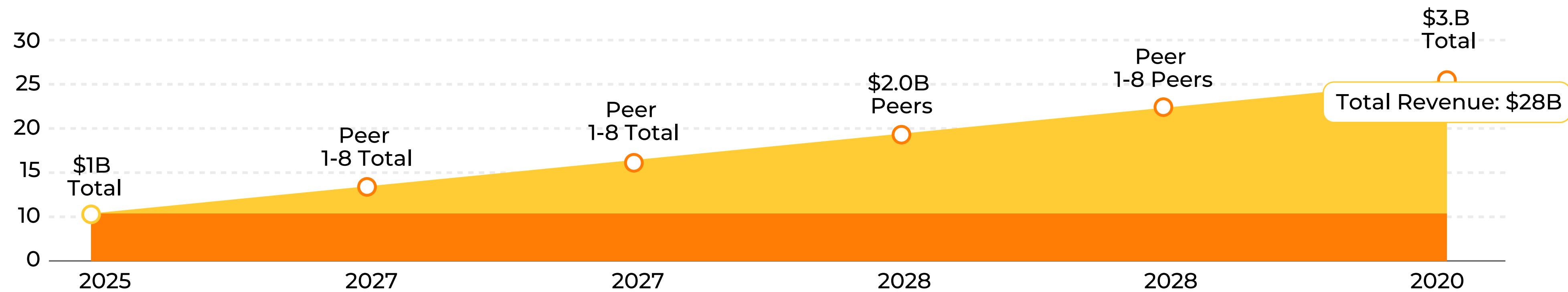


Enterprise Yield: Cash Apps node, Block, earned a 9.7% yield on \$10M deployed liquidity. Through Amboss Rails, Voltage customers are accessing programmatic yield strategies without giving up custody.

TL;DR: The recent surge in Lightning adoption is being driven by a mature ecosystem of technical tools and institutional confidence. Companies are lowering the barriers to entry, making it simple to embed high-speed Bitcoin payments.

How we get from \$1B to \$30B by 2030

Revenue expansion is driven by layered adoption across consumer, enterprise, and machine use cases.



How we get from \$1B to \$30B by 2030



The Cash App Anchor (11% of 2030 Total) Cash app routes 25% of Bitcoin volume through lightning. Projected 2030 revenue reaches \$3 billion from fees, FX spreads, and APIs, representing less than 15% of block inc. total revenue.



Institutional and Exchange Scaling (2028 Cohort) Major exchanges and neobanks integrate lightning in 2028 for FX arbitrage and instant settlement. These operators reach \$4 billion each, adding \$8 billion to the total 2030 forecast.



Early Fintech Entrants (2027 Cohort) Two new wallet and remittance providers enter in 2027. Each scales to \$2 billion in annual revenue, contributing a combined \$4 billion to the 2030 ecosystem total.



The AI and Automation Frontier (2030 Cohort) Three infrastructure companies enter by 2030 targeting machine-to-machine payments and streamed APIs. These models contribute \$13 billion total, averaging \$4.3 billion in annual revenue per firm.



Regulation & Policy

Regulatory Clarity is Finally Supporting Innovation & Growth

Clear regulatory frameworks are reinforcing adoption and market depth.



TL;DR: The RWA market is undergoing a structural shift as global regulators replace ambiguity with defined legal frameworks. With the EU's DLT Pilot Regime, Singapore's institutional pilots, and U.S. state-level recognition of on-chain ownership, traditional financial institutions are now aggressively moving from experimentation to live, compliant settlement on shared digital infrastructure.

Key Takeaways: Global RWA Regulatory Landscape

- Defined Security Frameworks:** Markets have shifted from ambiguous crypto classifications to explicit tokenized security regulations, unlocking massive institutional participation. (Icon: List)
- EU Passporting:** MiFID II and the DLT Pilot Regime enable seamless trading and settlement of tokenized instruments across 27 member states. (Icon: Euro symbol)
- Asian Institutional Pilots:** Singapore's Project Guardian and Hong Kong's dual SFC/HKMA framework have transitioned from sandboxes to live institutional bond and fund pilots. (Icon: Chart)
- U.S. Legal Clarity:** UCC Article 12 reforms in Delaware and Wyoming officially recognize blockchain records as valid proof of ownership and collateral. (Icon: Scale)
- Operational Consolidation:** Tokenization replaces fragmented legacy processes by unifying onboarding, registries, and reporting onto a single, fractionalized infrastructure. (Icon: Gear)

U.S. Crypto Policy Is Setting a New Global Standard

Legislative frameworks standardize federal crypto integration.

The GENIUS Act

- Strategic Role:** Transforming stablecoins into a federally-regulated payment utility to provide standardized rails for the global dollar. 
- Public Law 119-27:** Signed July 18, 2025; defines payment stablecoins as regulated financial products. 
- Permitted Issuers:** Restricts operations to insured banks or qualified non-banks. 
- 100% Reserve Mandate:** Requires backing by High-Quality Liquid Assets (HQLA) with mandatory monthly public disclosures. 
- Non-Security Status:** Amends federal law to clarify that stablecoins are not securities or commodities. 

The CLARITY Act

- Strategic Role:** Resolving asset classification to provide predictable “swim lanes” for large-scale capital deployment. 
- Clear Jurisdictional Boundaries:** Ends “regulation by enforcement” by establishing exclusive SEC and CFTC territories. 
- The Functional Test:** Classifies networks as “digital commodities” based on specific decentralization metrics. 
- Graduation Pathway:** Provides a legal process for projects to transition from security status to commodity status as they decentralize. 

TL;DR: If the “**Great Pivot**” was the vision, **GENIUS** and **CLARITY** were the architecture. By standardizing **payment rails** and ending **jurisdictional turf wars**, these acts provided the predictable legal framework necessary for 2025’s institutional integration.





Year in Review

The Institutional Choice for **Digital Asset Trading**



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