2026 Crypto Market Outlook

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Executive Summary

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Our fourth crypto market outlook report reflects on what remains an extraordinary and transformative period for the crypto ecosystem — one defined by accelerating institutional adoption and a broader, more diverse investor base reshaping overall demand. Despite the substantial progress thus far, we think the industry's full potential is still far from realized.

One of the pivotal developments that has driven crypto's transformation from a niche market to an emerging pillar of global market infrastructure has been the evolving regulatory landscape. Clearer global frameworks, with the U.S. pivoting toward stablecoin oversight and market-structure clarity and Europe consolidating MiCA, are changing how institutions approach strategy, risk, and compliance. The practical consequence is real operational readiness: better policy guardrails that enable product innovation, market maturation, and the embedding of crypto rails into payments and settlements.

This is the foundation on which the next phase of institutional adoption is being built.

That adoption advanced materially in 2025. Spot ETFs have created durable, regulated access, while digital asset treasuries (DATs) emerged as new corporate balance-sheet vehicles. Meanwhile, tokenization and stablecoins moved deeper into core financial workflows. We expect these forces to compound in 2026 as ETF approval timelines compress, stablecoins take a larger role in delivery-vs-payment (DvP) structures, and tokenized collateral is recognized more broadly across traditional transactions.

Crucially, the investor base itself has diversified. What was once an asset class dominated by technologists and early adopters now includes a far wider cross-section of allocators and end-users. Demand no longer hinges on a single narrative; it reflects the interplay of macroeconomics, technology, and geopolitics, and it is increasingly anchored to a long-term, strategic thesis informed by crypto's increasing integration into mainstream finance. Eventually, we think that shift will support more persistent capital and less purely speculative churn.

At the same time, the technology cadence has evolved. Breakthrough crypto-specific innovation slowed some in 2025—crowded out at the margin by AI—even as new layer-1 networks and wallets launched. This reflects an important rebalancing: infrastructure is maturing while application layers and distribution improve, especially where rails can bridge geographic and temporal gaps to enable always-on, programmable markets.

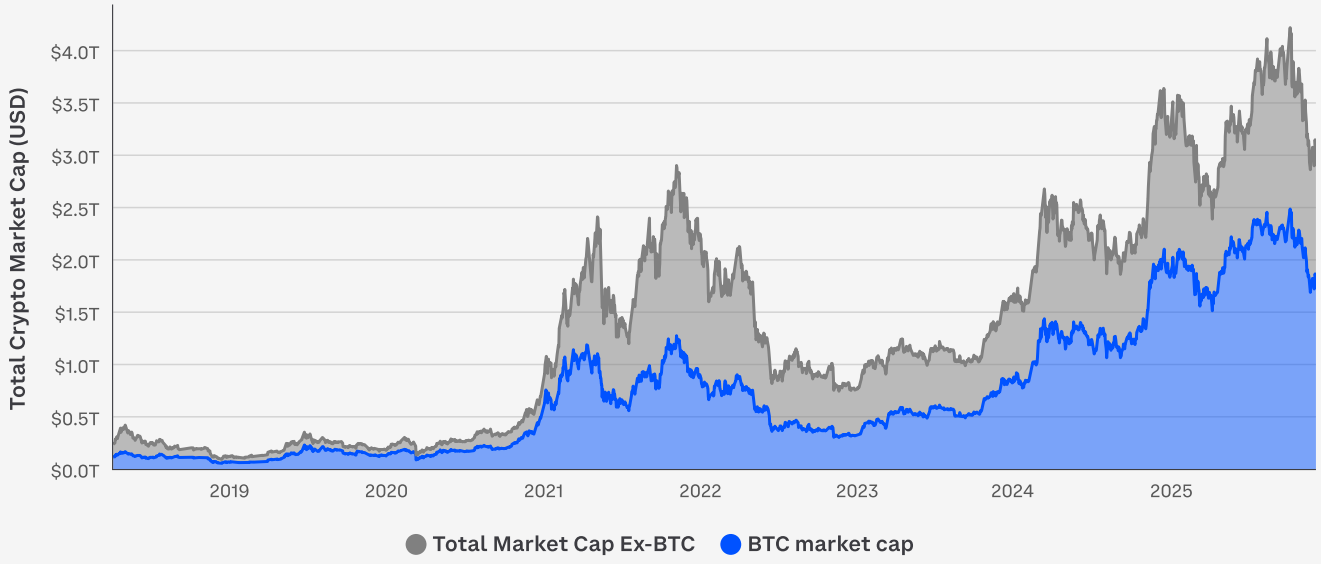
Consequently, protocols are leaning into value capture—buybacks, fee-sharing, and other mechanisms that link tokenholder economics to usage—enabled by the policy clarity mentioned above. Meanwhile, institutional adoption has heightened sensitivity to control and surveillance, lifting privacy-first payment architectures (ZKPs, FHE) and driving a visible uptick in shielded transactions.

That imperative also maps to newer frontend fintech apps for global consumers and institutions to interact with the full spectrum of digital assets and decentralized finance. However, to gain further traction, the mass-market interface must still abstract chain complexity, embed compliance by design, and make programmable money feel familiar—instant, global, and secure.

Practical priorities include account-abstraction UX, passkey onboarding, native stablecoin payments, and clear attestations for identity and eligibility—all while ensuring liquidity and capital efficiency flow through to end users.

In closing, this year's outlook is not about speculating on a single storyline. It is about recognizing how policy clarity, institutional architecture, and broader participation are converging to make crypto part of the financial core. If we execute—on product quality, regulatory stewardship, and user-centric design—we can help ensure that the next wave of innovation reaches everyone, everywhere, all the time.

Chart 1. Crypto market cap peaked at US$4.2T in 2025 before falling to $3.0T



Sources: CoinMetrics, TradingView and Coinbase.

Additional Resources

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Note:

All data included in this report is as of December 1, 2025 unless otherwise noted.

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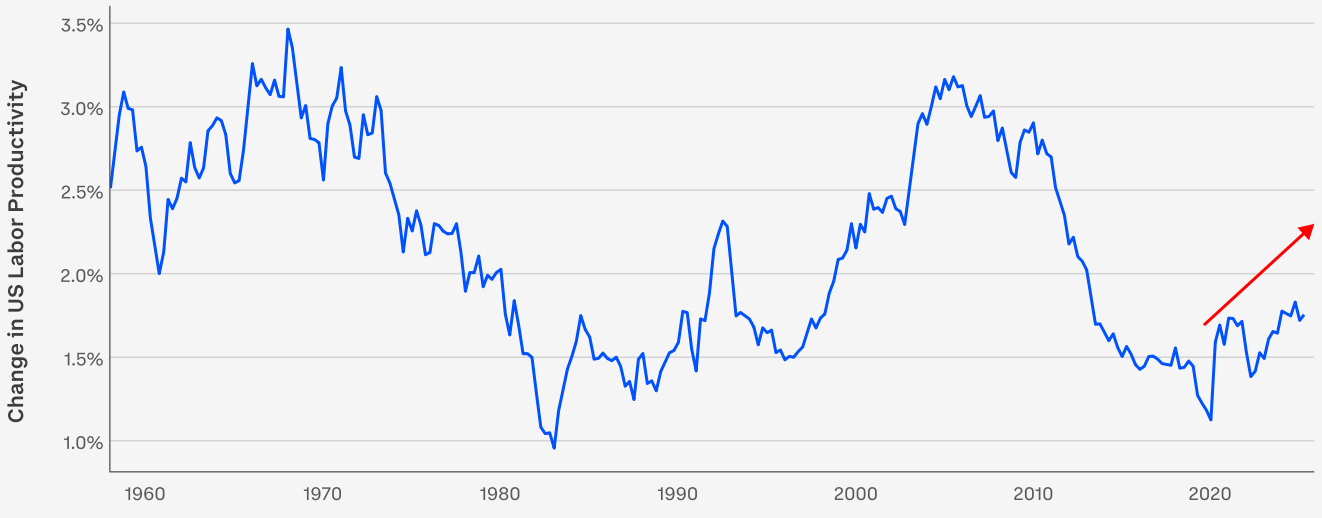
1 Drivers at the Source

A Cautiously Optimistic Outlook for 2026

Our U.S. economic outlook for 2026 remains cautiously optimistic. While recent data seems to indicate a cooling economy — marked by broadening price increases and declining employment trends — we think the U.S. economy is much more resilient than many believe. Indeed, rising labor productivity seems to be an especially important buffer, stemming from demographic shifts and the rise of artificial intelligence (AI).

Chart 2. Rise in U.S. labor productivity

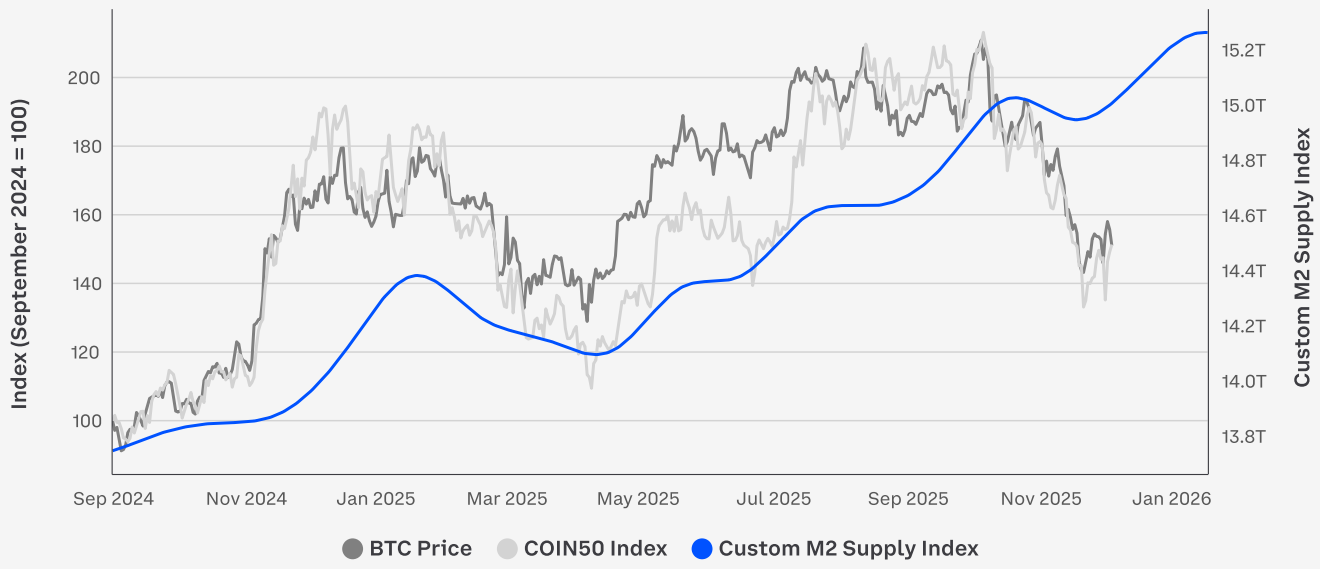


Based on 10-year annualized growth rate. Sources: Bureau of Labor Statistics and Coinbase.

In fact, we believe economists are collectively underestimating AI productivity at the moment, in part because AI is increasing the speed and efficiency of our workforce in a way that isn't being fully captured by official statistics. That said, labor market data is trending toward the lower end of historical ranges, but slower U.S. population growth (including a decline in immigration) potentially negates the effect on wages and consumption.

For markets, the critical question is whether we're experiencing a late 1996 style euphoria—the early innings of transformative technological expansion—or the speculative excesses of 1999, which could be the predecessor to a dramatic correction. **In our view, the economic implications of the current AI boom will likely be significantly different from those of the internet boom, precisely because of the lessons learned during that period.** We thus side with the former rather than the latter but recognize that there are no easy answers here. The distinction carries profound implications for how we navigate the year ahead, particularly through the lens of creative destruction and the structural shifts reshaping capital allocation.

Chart 3. Custom global M2 money supply chart



Sources: Bloomberg, TradingView and Coinbase

A Meaningful Regulatory Shift

In the U.S., 2025 marked a decisive regulatory turn as the GENIUS Act officially became law, providing a federal framework to oversee USD stablecoin issuers, while the CLARITY Act advanced market-structure rules through the House of Representatives with bipartisan support.

The momentum behind both pieces of legislation underscored a growing consensus among U.S. lawmakers that a clear and well-defined regulatory landscape is essential for the responsible growth and integration of digital assets into the broader financial system. Indeed, regulations have been the lynchpin for many crypto themes in 2025 and will likely shape markets next year as well.

For example, we anticipate a substantial increase in the adoption and sophistication of crypto derivatives, offering new avenues for investors to manage risk and speculate on price movements. With reduced regulatory uncertainty, we expect to see accelerated development and deployment of solutions that utilize crypto as a foundational technology for digital payments and onchain financial transactions. Furthermore, we foresee the increased generation of revenue for token holders, which may manifest through various mechanisms, including enhanced staking opportunities and/or protocol fees distributed to governance token holders.

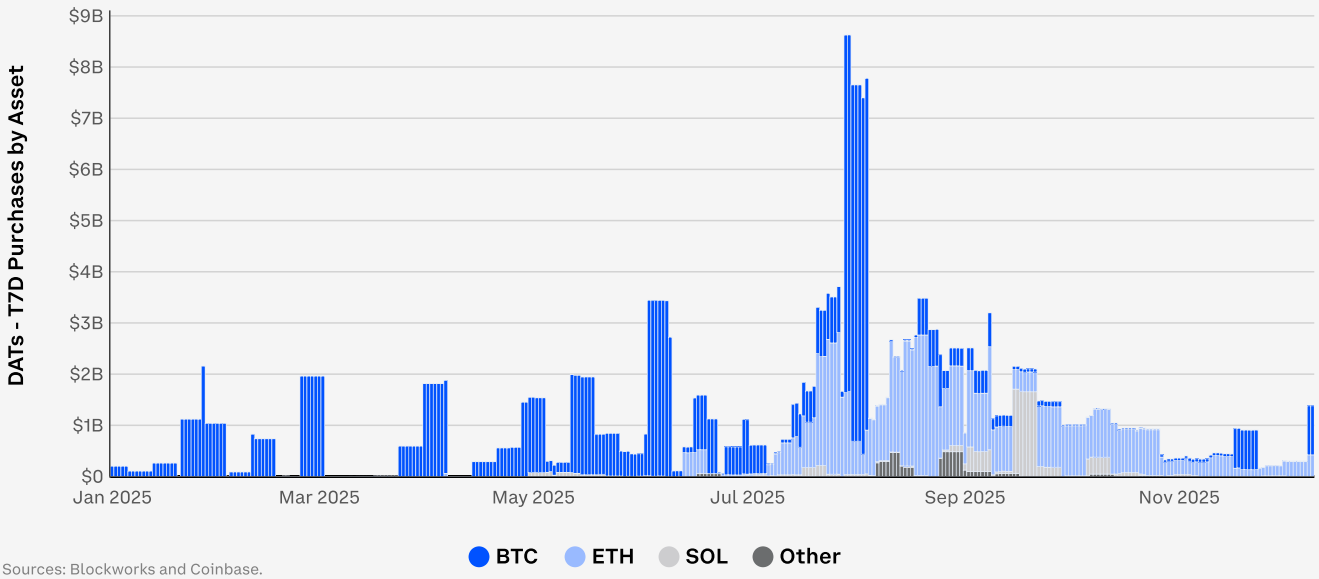
Moreover, as governments and financial bodies worldwide move towards clearer and more comprehensive regulatory frameworks, developers will be increasingly empowered to fully leverage the inherent potential of crypto. Abroad, Europe has fully operationalized the Markets in Crypto-Assets Regulation (MiCA), while across the Middle East, North Africa, Asia, and Latin America, policymakers are working to provide a stable and predictable environment that fosters innovation. We think this combination of regulatory clarity and technological innovations will drive a transformative year for the crypto market in 2026.

Increasing Institutional Adoption

The current market cycle has seen unprecedented growth in institutional adoption, with the establishment of crypto spot exchange traded funds (ETFs) and the rise of digital asset treasury (DAT) companies—publicly traded firms that allocate substantial portions of their balance sheet to holding crypto. We expect ETFs to gain more traction after the SEC approved generic listing standards for certain spot commodity exchange-traded products (including digital assets), narrowing the need for case-by-case rule changes. Effectively, this has shortened the maximum approval schedule for ETFs from 270 days to 75 days.

We think DATs, on the other hand, are currently undergoing a valuation-disciplined consolidation phase, as evidenced by the widespread compression in their mNAVs (the ratio of market value to net asset value) to parity (or in some cases, below) in 4Q25. These vehicles gained prominence in 2025 partly because they were enabled by changes in crypto accounting rules that went into effect in December 2024. However, an intense and sustained period of player-versus-player (PvP) activity has characterized the 2H25 and led to the emergence of distinct leaders within the dedicated communities of each token.

Chart 4. DATs are a new entrant into the institutional adoption of crypto



Sources: Blockworks and Coinbase.

In the DAT 2.0 model, we think future iterations of DATs will move beyond simple accumulation and specialize in the professional trading, storage, and procurement of sovereign block space. This shift is predicated on the view that block space is a unique commodity and an essential structural input for the digital economy. Consequently, we think a successful DAT business model will revolve around a deep understanding of the duration risks and cyclicality inherent in the block-space economy. Indeed, looking ahead, clearer regulations are critical for scaling institutional adoption, with ongoing developments in the U.S. paving the way. These advancements are fundamentally transforming the landscape of financial markets, enabling a broader and more sophisticated application of blockchain technology.

Tokenized products are increasingly being recognized and accepted as eligible collateral in various financial transactions. The integration of stablecoins into delivery-vs-payment structures significantly enhances the efficiency and security of transaction settlement. More institutions now recognize that regulated DeFi platforms not only offer high-yield opportunities, but have accompanying tools for compliance and risk management. Such initiatives are expected to encourage increased institutional participation and aid in building more robust and widely available financial infrastructure.

Tokenomics 2.0: Value Capture, Buybacks, and Protocol P&L

One of the hallmarks of the current crypto cycle is that projects are increasingly focused on creating tangible value for their tokenholders. A key feature of this evolution was the increasing prevalence of tokenomics directly tied to platform performance. Starting in 2025, more projects have begun implementing mechanisms—such as strategic token buybacks—that are establishing a clear, direct relationship between the success and adoption of the underlying platform and the economic value of their native tokens. In our view, this shift to "financial engineering" within the crypto lifecycle has signaled a move toward the more mature and established financial practices of the tradFi world.

We anticipate that the ongoing march toward regulatory clarity could be the catalyst for the next phase in the economic evolution of crypto. As jurisdictions provide clearer frameworks, we think the confidence to implement more direct and robust value-capture mechanisms will grow. This clarity will likely empower protocols to legally and transparently benefit tokenholders through direct revenue generation—whether via embedded rewards derived from transaction fees or with mechanisms that funnel a portion of the protocol's operating income back to the circulating supply through buy-and-burn or buy-and-distribute models.

The impact of this maturation extends far beyond token price. By establishing a direct, vested interest, revenue-driven tokenomics will stimulate a powerful new economic engine for the internet. When users and contributors are able to directly possess an economic stake in the digital systems they use and help govern, it fosters greater participation, loyalty, and long-term commitment. This mechanism aligns the incentives of the core development team, platform users, and tokenholders, leading to a more robust, decentralized, and ultimately more valuable digital economy.

2 The Trends that Bind

Demand for Privacy

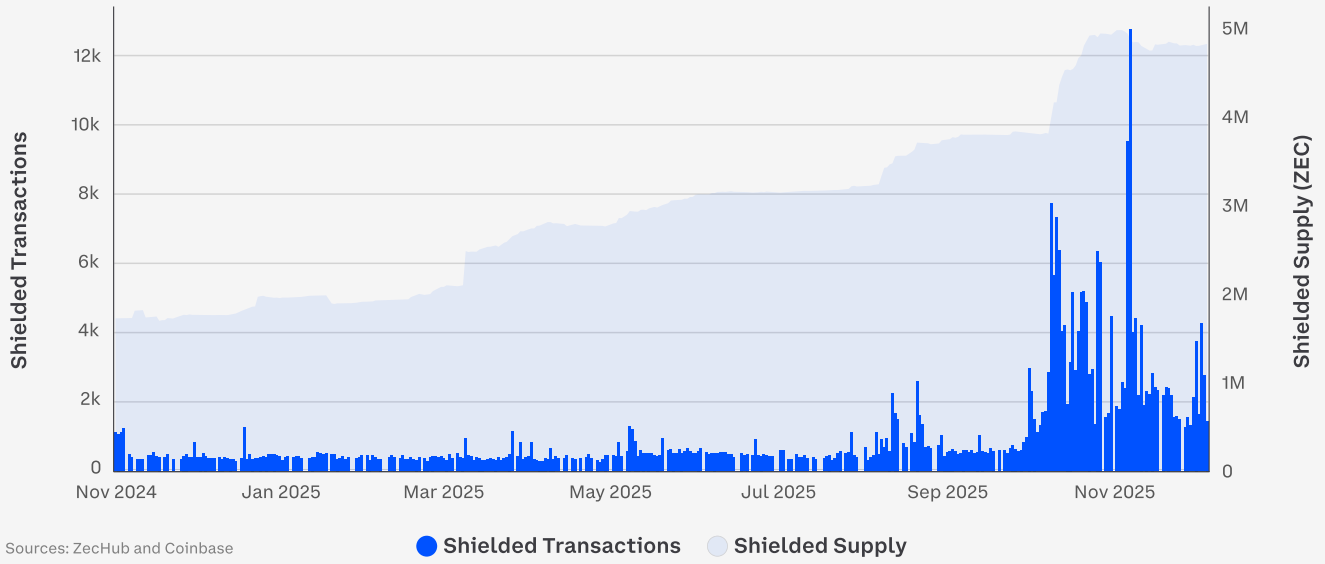
Privacy has remained an enduring pillar of the crypto movement, as many users still look to the asset class for the inherent freedom to conduct transactions, retain ownership, and transfer value without requiring institutional authorization. However, the rub is that that's somewhat antithetical to the value proposition of bitcoin, which permanently records every transaction on its network within a public ledger. Indeed, while institutional adoption of crypto has been a major catalyst for the current market cycle, it has also made users of crypto rails more reticent about who's in control of some of these networks.

Moreover, a growing global awareness of digital surveillance and data exploitation has raised the profile of privacy-first payment solutions. This trend has moved beyond crypto mixer services to the development of sophisticated layer-1 and layer-2 protocols that bake privacy into their fundamental network architecture. Technologies like zero-knowledge proofs (ZKPs)—specifically zkSNARKs and STARKs—and fully homomorphic encryption (FHE) are becoming the cornerstones of this evolution. ZKPs allow users to prove the validity of a transaction without revealing any underlying data, such as the sender, recipient, or amount.

All of this has pushed privacy sector tokens like Monero and Zcash into the public spotlight, while the Ethereum Foundation established a new privacy initiative, known as the Privacy Cluster, to strengthen privacy within its ecosystem. Some investors see this theme growing ahead of the European Union's implementation of stricter KYC and transaction-monitoring rules, though the EU will prohibit privacy coins and anonymous or self-custodied crypto wallets starting from July 2027.

However, the price action for this sector has also been underpinned by **a meaningful surge in onchain-privacy usage.** The number of shielded transactions has recently reached new cycle highs, indicating that more value is not only being deposited into private pools but actively used for transactions. The necessity for privacy stems from both professionals and individuals: institutional and professional retail traders require confidentiality to prevent competitors from exploiting their strategies, while everyday users are generally unwilling to expose their complete financial history on the blockchain. We believe this trend may broaden in the coming years alongside crypto's wider adoption.

Chart 5. Shielded transaction counts and supply surged in 2025



Sources: ZecHub and Coinbase

AI x Crypto is Dead, Long Live AI x Crypto

Reports regarding the demise of the "artificial intelligence x crypto" theme have been greatly exaggerated. However, this theme has seen a few iterations over the last two to three years. When we first wrote about the intersection of AI and crypto back in June 2023, we discussed how blockchain could address generative AI's issues with data and computational resource demands by enabling decentralized data marketplaces and networks for sharing computing power, possibly incentivized by tokens. We teased the opportunity for Worldcoin's "proof-of-personhood" (proof-of-humanity) systems to counter the risks of disinformation and economic harm caused by increasingly realistic online bots.

In late 2024 and early 2025, AI agents surfaced as a revolutionary theme not only in crypto, but also in the broader technology sphere. Autonomous entities may eventually become capable of managing assets, executing trades, and performing complex governance functions by analyzing market newsfeeds and other external data. The adoption of internet-native payment protocols like x402 may be a critical step towards enabling these systems to continuously settle a high volume of microtransactions without human intervention, potentially resulting in new forms of online commerce. Indeed, as AI systems become more autonomous and transact with each other, we think traditional financial systems may prove too slow, costly, or geographically restricted.

Moreover, such agentic tooling also means AI agents may be poised to **revolutionize onchain development**, potentially allowing non-technical founders to launch businesses in hours or days, rather than months or years. This accelerated timeline could be achieved through agents that write smart contract code, perform security reviews, and monitor for ongoing risks. In other words, AI agents possess the capacity to catalyze a surge of innovation, potentially resulting in the expansion of novel onchain applications and substantially improved user experiences.

Thus, despite a winding and evolving narrative, we see the sustained prominence of the AI x crypto convergence not just as a trend but as a fundamental shift towards the next stage of technological progress – one that offers more transparent and democratized intelligent systems.

What's the Endgame for Application Specific Chains?

A proliferation of specialized blockchain networks—including L2s, independent L1s, and/or application-specific chains—is rapidly reshaping the competitive landscape for crypto infrastructure, in our view. For example, platforms like Arc (built by Circle) are purpose-built to be the optimal, compliant home for institutional use cases centered on USDC, while networks like Tempo (incubated by Stripe and Paradigm) are focused on bridging institutional-grade payment rails, aiming to capture the massive cross-border commerce market. Projects such as Canton are engineering private, permissioned environments specifically designed to unlock the trillions of dollars in institutional capital tied up in asset tokenization and securities trading.

The resulting fragmentation is not a random occurrence but a strategic response to a fundamental reluctance among major institutional players to outsource their core business logic to a rival's platform. The core thesis seems to be one of strategic control. Companies are launching their own chains to maintain sovereignty over their data, their regulatory compliance environment, and the financial value accrued from their network effects. In the near term, this trend may accelerate as these players continue to launch dedicated chains to capture regulated, high-value flows — prioritizing custom governance, fee structures, privacy controls, and compliance features over shared infrastructure.

Ultimately, however, we think the endpoint is not endless silos but a network-of-networks architecture where these purpose-built chains become highly composable through advanced interoperability layers (e.g., native cross-chain messaging, shared security via staking/restaking, and privacy-preserving bridges). Winners will be those that balance vertical optimization with seamless horizontal connectivity — enabling atomic multi-chain settlement, unified liquidity pools, and synchronized real-world assets — while laggards risk isolation in a market that increasingly rewards fluid, institutional-grade capital movement across compliant domains.

Another Step for Tokenization

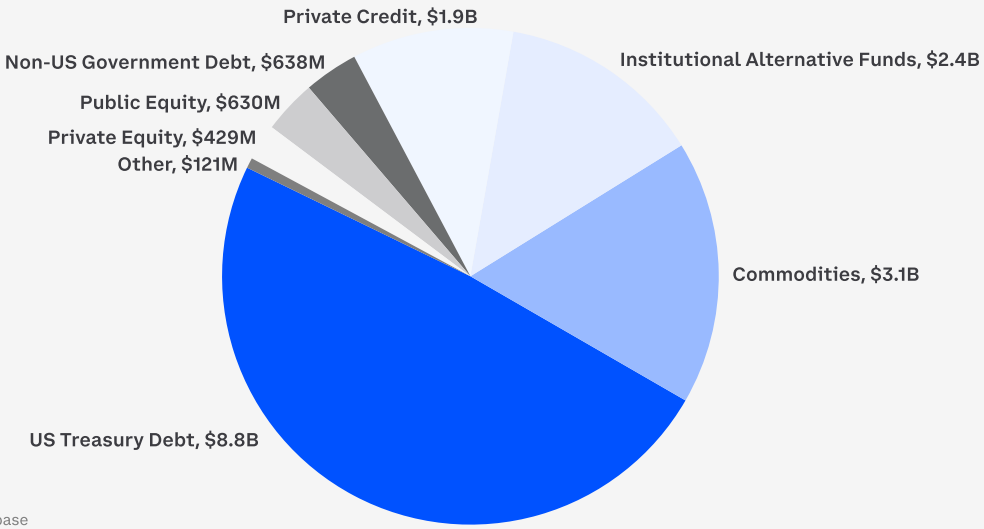
The burgeoning trend of tokenizing real world assets (RWA) gained significant traction in 2025, with even major financial incumbents like Nasdaq filing a proposed rule change with the U.S. SEC to enable the trading and settlement of tokenized equities and ETFs on its market.

That said, most tokenized equity offerings in circulation today don't offer direct stock ownership; they're equity-linked notes, swaps, or other derivatives, and many issuers structure distribution to target offshore purchasers through Reg S definitions, rather than the U.S. market.

From the buyer's perspective, the attraction of tokenized equities isn't just 24/7 access—it's superior capital efficiency and atomic composability. Unlike siloed traditional assets, the near-instant settlement of tokenized equity enables rapid mobilization across various decentralized finance (DeFi) platforms, significantly reducing idle capital and streamlining transfers that would typically take days in legacy systems.

The net effect can be a structural advantage over traditional finance. For example, DeFi lending markets routinely support meaningfully higher loan-to-value thresholds (75-80%) for high-quality crypto collateral than conventional margin frameworks, which are often capped at around half of the portfolio's value. That spread in capital efficiency, plus programmable settlement, is what's pulling institutional interest and innovation onto these rails—regardless of whether platforms lean into walled gardens or embrace freer transferability.

Chart 6. Total value of real world assets distributed onchain



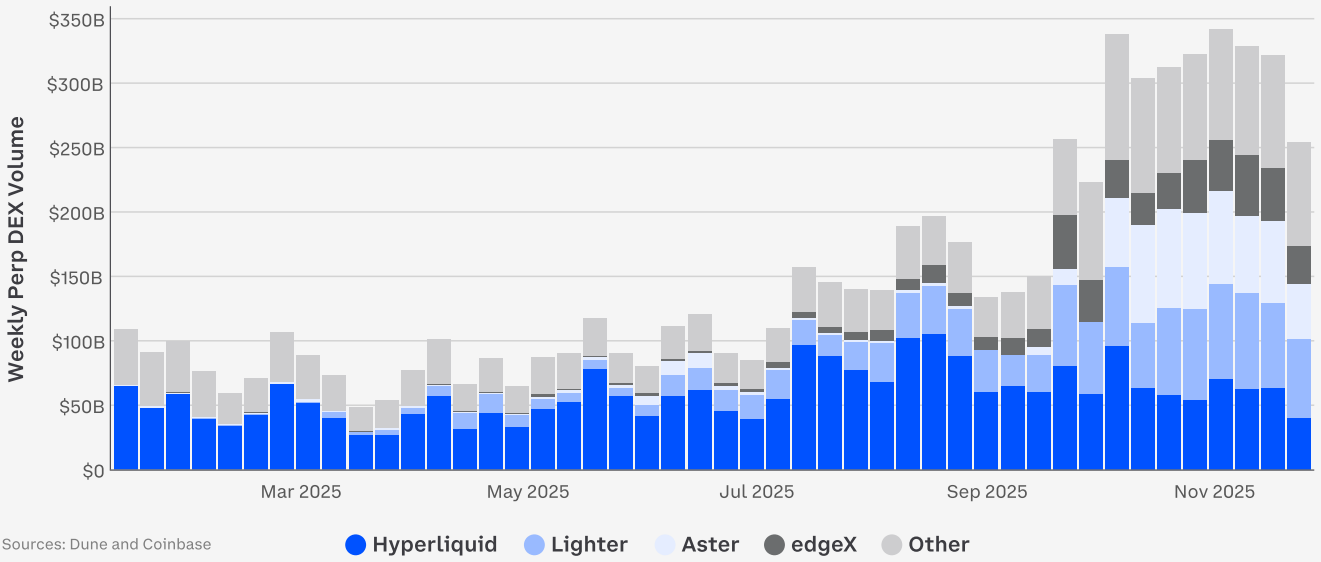
Sources: rwa.xyz and Coinbase

3 New markets

The Composability of Crypto Derivatives

The proliferation of crypto derivatives in 2025—namely perpetual futures (perps) but also options—hints at a mainstreaming trend that could eventually lead to their integration as a pillar of the global financial system. This has been fueled largely by the rise of high-throughput decentralized trading platforms and, to a lesser extent, by increased access via regulated U.S. venues. For example, decentralized exchanges (DEXs) have been processing perp volumes of over US$1.2T per month as of end-2025, with Hyperliquid still taking a large share of this market.

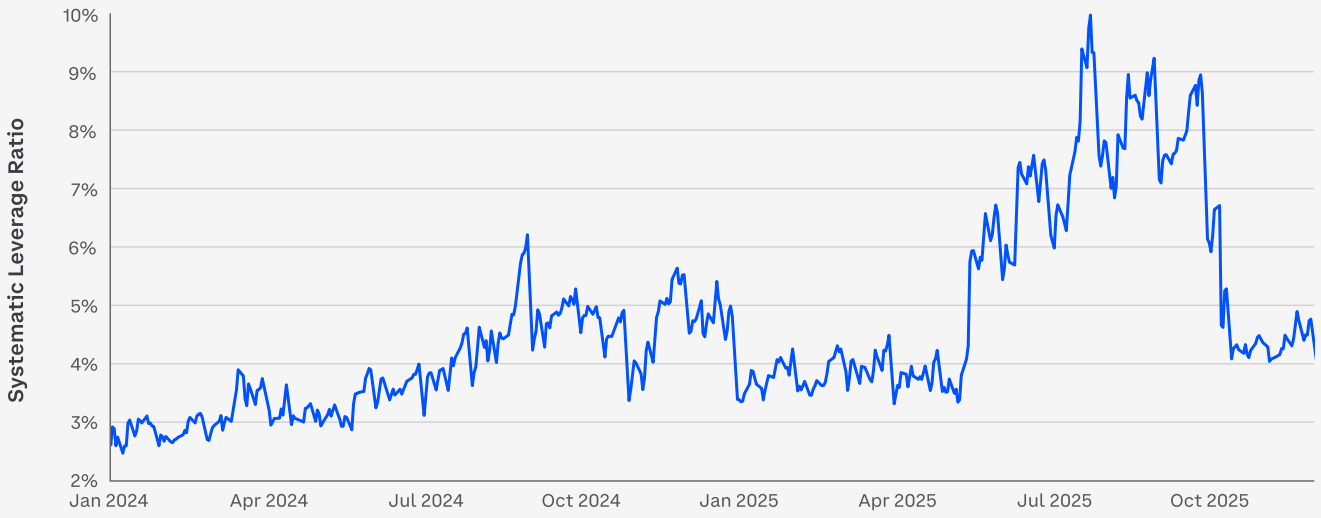
Chart 7. Weekly perpetual futures DEX volumes



Sources: Dune and Coinbase

One theory behind what might be driving this activity is that in the absence of a conventional altcoin season, many market participants have turned to perps as a means for generating outsized returns. The unprecedented degree of leverage offered by perps has allowed traders to amplify their exposure and potential profits (or losses) with a small amount of capital. We think the appeal has been particularly strong as altcoin spot markets have been relatively stagnant over the past year. That said, our systematic leverage ratio suggests that the crypto machine had close to 10% in purely speculative exposure (i.e. only directional bets and excluding hedges) at its peak in 2025 before a liquidation cascade in October reduced this to 4%.

Chart 8. Sharp decline in crypto leverage following October 2025's liquidation cascade



Perps and options option interest vs total market cap ex-stablecoins. Sources: Allium, CoinMetrics, TradingView and Coinbase.

Nevertheless, **we think perpetual futures are evolving beyond isolated, high-leverage trading vehicles and are becoming core, composable primitives within DeFi markets.** This integration can potentially unlock significant new frontiers in capital efficiency, fueled by integrations with other DeFi primitives like lending protocols. Such integrations could, for example, allow perps to be used within broader strategies, such as providing dynamic hedge layers for liquidity pools, serving as the basis for interest rate products, or acting as collateral in lending protocols with variable risk parameters. This composability enables a synergistic trading environment, allowing market participants to simultaneously hedge market risk while earning passive yield on assets.

Furthermore, we see a powerful confluence of factors positioning equity perpetual futures as the next major retail trading vehicle. As global retail participation in U.S. equities continues its secular rise, the market is poised for disruption by tokenized equities. Combining the 24/7 accessibility, censorship-resistance, and capital efficiency of crypto derivatives with the high demand for exposure to major global stocks (like those on the S&P 500 or Nasdaq), equity perps could become the preferred choice for a new generation of global retail traders seeking highly leveraged, low-friction access to traditional financial markets. These innovative derivatives are expected to transform how equities are traded outside of conventional market hours, specifically during weekends and nights.

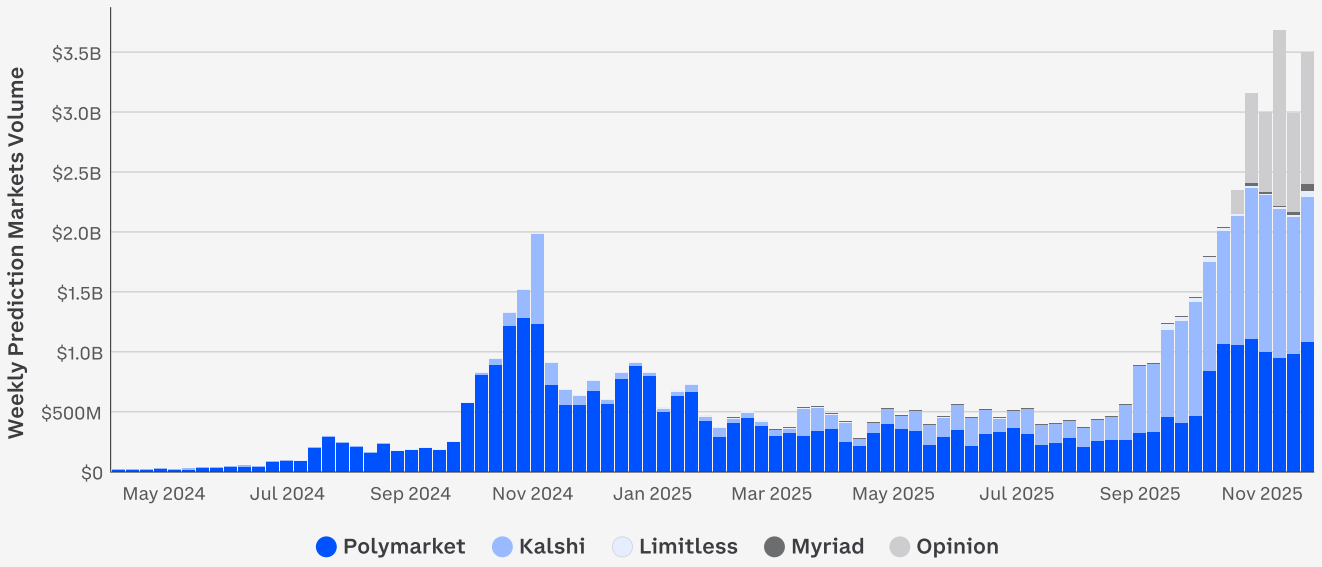
In essence, perps are moving from the periphery of crypto trading to the core of composable DeFi, while simultaneously preparing to onboard a massive new wave of global retail capital seeking exposure to traditional assets in a more efficient way.

High Stakes for Prediction Markets

One of the big predictions in our Crypto Market 2025 Outlook was that prediction markets would continue to grow after the 2024 U.S. elections, contrary to the consensus view that volumes would fade after that event. At that time, we argued that prediction markets utilizing blockchain rails had revealed significant advantages over non-blockchain variants, such as decentralized dispute resolution and automatic settlements based on outcomes. Since then, prediction markets have expanded into areas such as sports, economics, and entertainment, exactly as we had forecast, and the opportunity is poised to gain traction in 2026.

Starting in 2026, a provision in the One Big Beautiful Bill Act (signed in July 2025) will limit the deduction for gambling losses against winnings to 90%, down from the previous 100%. This change, while seemingly innocuous, could lead to taxpayers being taxed on "phantom" income, even when their actual winnings are small or they have incurred a net loss. Consequently, prediction markets, which utilize financial contracts akin to derivatives, could emerge as a more tax-advantageous substitute to traditional sportsbooks and casinos.

Chart 9. Notional volume of prediction markets has picked up sharply



Sources: Dune (@datadashboards) and Coinbase

However, the proliferation of prediction market platforms could also lead to market fragmentation, reminiscent of the "DeFi summer" era, when a multitude of new decentralized finance protocols emerged. This could herald the advent of **prediction market aggregators**, which may emerge as the dominant interface layer for the sector. By connecting to major prediction market protocols via smart contract interfaces and APIs, aggregators will be instrumental in consolidating billions of dollars in fragmented weekly volume and provide users with a unified, real-time view of event odds.

Going forward, we anticipate a transformative period for prediction markets in the years to come, where they are poised to achieve greater scale and liquidity, potentially elevating their utility from niche speculative tools to valuable markets that offer insight into future events. This could drive further maturity in their market structure, governance, and regulatory oversight, solidifying their role within the broader financial ecosystem.

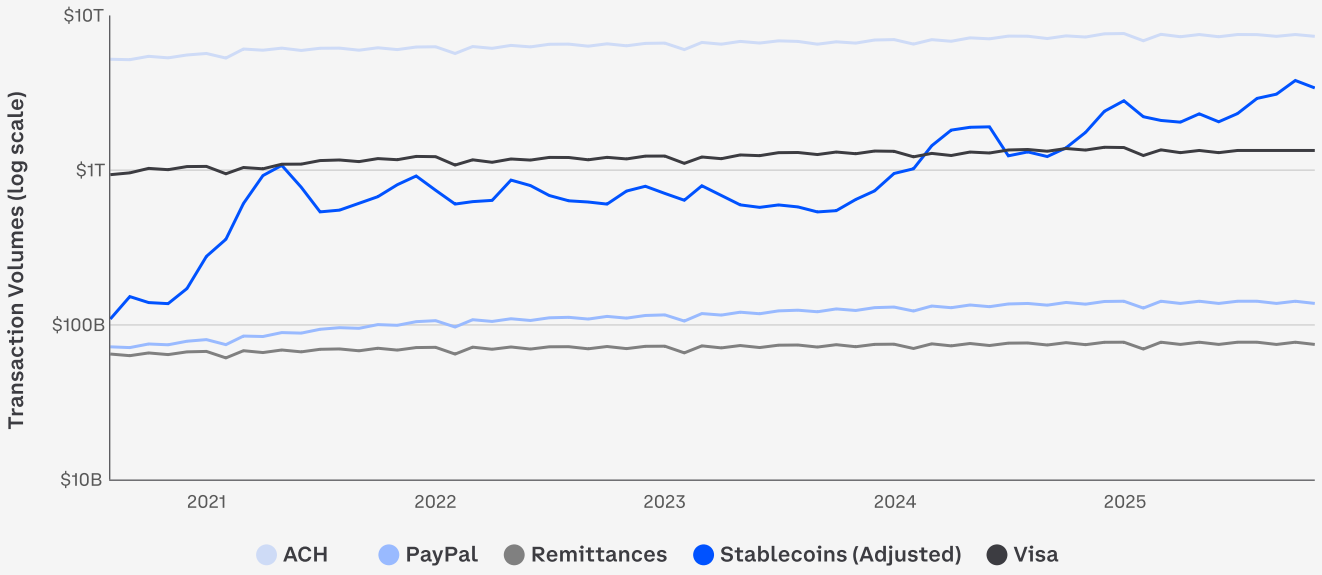
Velocity of Stablecoins and Payments

Stablecoins have cemented their position as the number one use case in the crypto ecosystem. That assertion is no longer a matter of future speculation but a present-day reality. For years, industry analysts have consistently argued that stablecoins—digital currencies pegged to a stable asset like the U.S. dollar—represented the true "killer app" for the mainstream adoption of blockchain technology, but with greater regulatory clarity emerging, more traditional players are also recognizing their practical utility as well.

Our stochastic model forecasts that t**he total stablecoin market cap could reach a range centered around $1.2T by the end of 2028**. This projection reflects an expected confluence of regulatory clarity, continuous innovation in underlying blockchain infrastructure, and a deepening institutional comfort level with digital assets. Eventually, these will drive the newer use cases for stablecoins in cross-border transaction settlement, remittances, and payroll platforms alongside their traditional utility in speculative trading and DeFi.

Indeed, we think stablecoins may be poised for a massive acceleration as a medium of exchange, fueled by innovative protocols like x402 – an open payment protocol developed by Coinbase that enables instant, onchain payments for online services. This protocol is specifically designed to enable an entirely new economic model for the internet: true, scalable micropayments. It allows service providers to charge fractions of a cent for access to digital content, individual API calls, or specific computational resources – potentially transforming how internet services are monetized and consumed.

Chart 10. Adjusted stablecoin transaction volumes vs incumbent systems



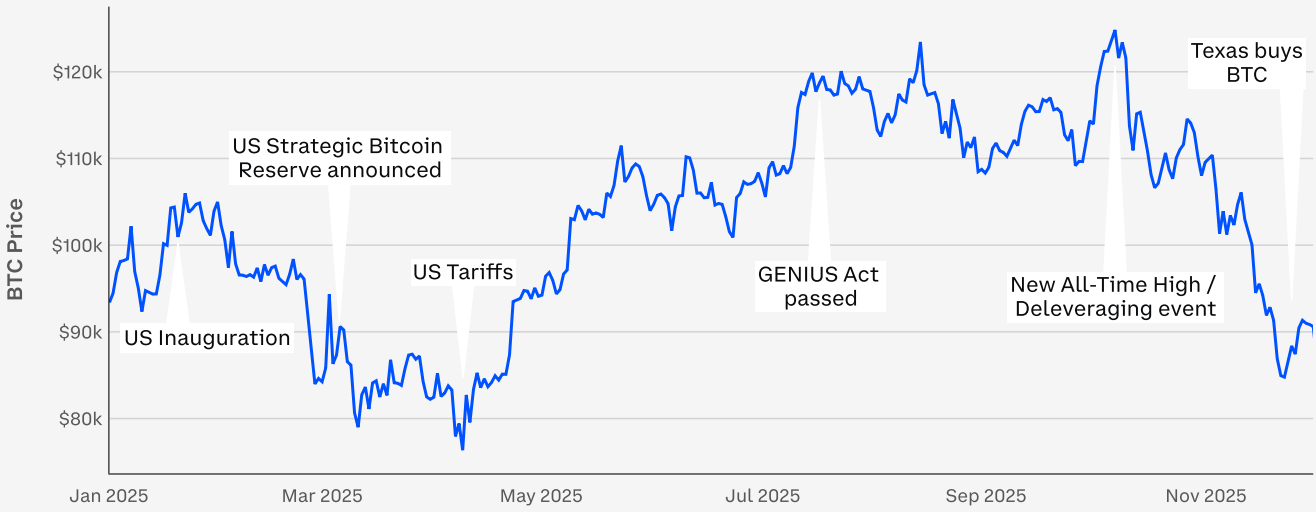
Sources: Artemis. Average last 30D rolling volumes. Adjusted stablecoin transactions exclude MEV and intra-centralized exchange transactions.

2 Bitcoin

Market Outlook

In 2025, bitcoin experienced a period of modest volatility and evolving market dynamics, building on the trends observed in previous years. The token continued to solidify its position as a safe haven within the asset class, but not without navigating a complex landscape of regulatory developments, technological advancements, and macroeconomic shifts. That said, bitcoin was firmly established as a critical component of the global financial conversation, albeit one still subject to the evolving nature of a nascent, yet maturing, asset class.

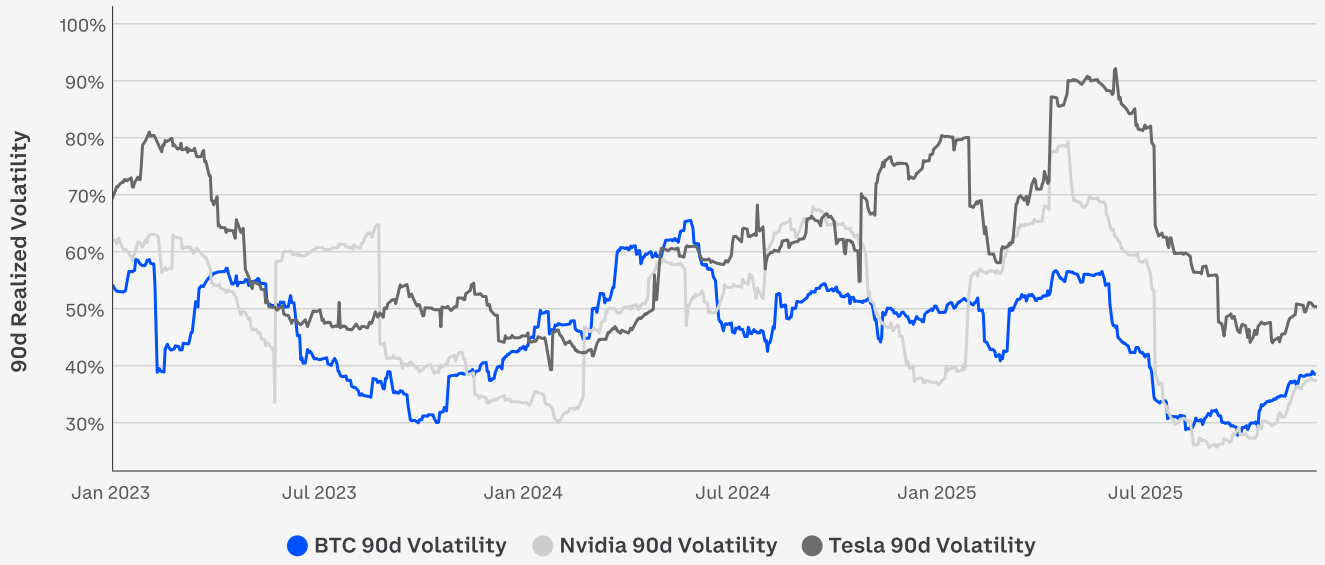
Chart 11. Bitcoin (BTC) 2025 events/milestones



Sources: CoinMetrics and Coinbase

Notably, bitcoin's volatility is no longer an outlier among investment assets; it is now on par with major high-growth tech stocks. For example, its 90-day historical volatility hovers near 35-40% as of the end of 2025. Regulatory scrutiny intensified in several key markets, with governments grappling with how best to integrate digital assets into existing financial frameworks. This led to a patchwork of regulations, creating some uncertainty for investors and businesses operating in the crypto space. Additionally, macroeconomic factors, such as interest rate adjustments by central banks and concerns about global economic growth, periodically impacted investor sentiment across all risk assets, including bitcoin.

Chart 12. Bitcoin realized volatility is comparable to that of major tech stocks



Sources: CoinMetrics, TradingView, and Coinbase

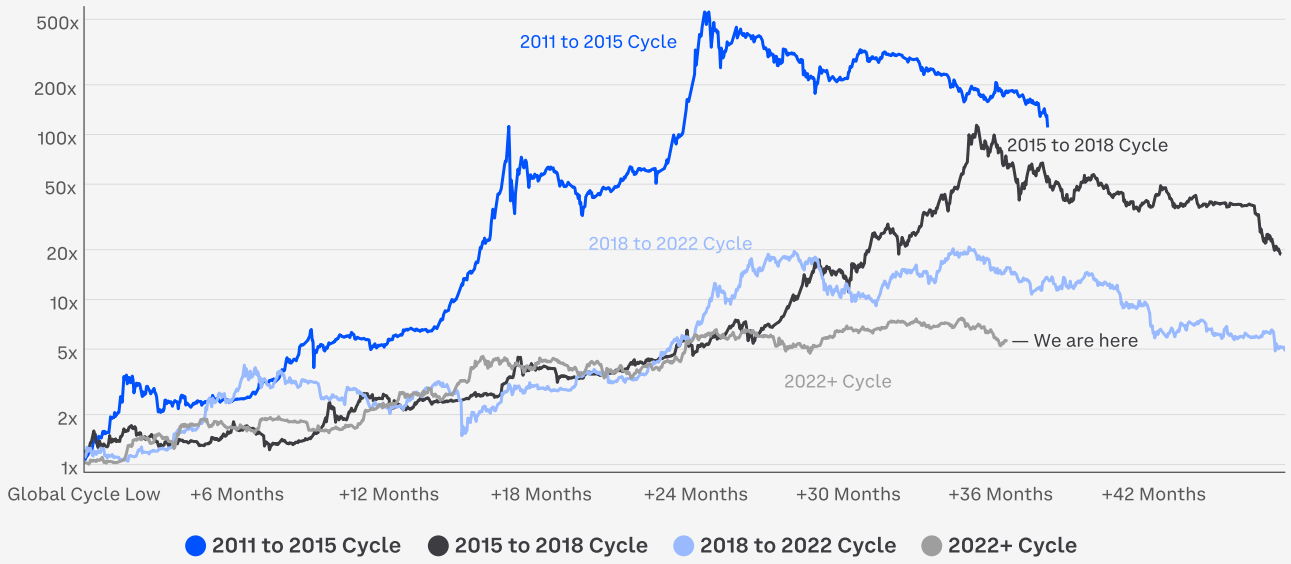
Technologically, 2025 saw continued advancements in bitcoin's underlying infrastructure. Layer 2 solutions, such as the Lightning Network, gained further traction, improving transaction speeds and reducing costs, which enhanced bitcoin's utility for everyday payments. Developments in privacy-enhancing technologies and multisig solutions also progressed, addressing some of the long-standing concerns about security and fungibility. The halving event of 2024 continued to exert its influence, with the reduced supply pressure gradually beginning to be factored into price models by analysts.

Relevance of Four-Year Cycles?

Bitcoin's price action in 2025 has been awkward for the token's narrative, as asset classes like U.S. equities and gold have outperformed crypto on a risk-adjusted basis, inviting the assertion that bitcoin may be near a classic cycle peak. The notion of the four-year cycle has been a cornerstone of the bitcoin market thesis for a very long time, largely influenced by the programmatic reductions of bitcoin's block rewards for miners (known as halvings, which occur every 210k blocks).

The pattern has become significant from a behavioral trading perspective due to its success in forecasting local peaks and troughs within the market.

Chart 13. Bitcoin price performance since cycle lows



Sources: Glassnode and Coinbase

However, we think the economic relevance of bitcoin's block reward halving is somewhat specious. With only four recorded halving events in bitcoin's history, true evidence of how markets have reacted to these milestones is still limited.

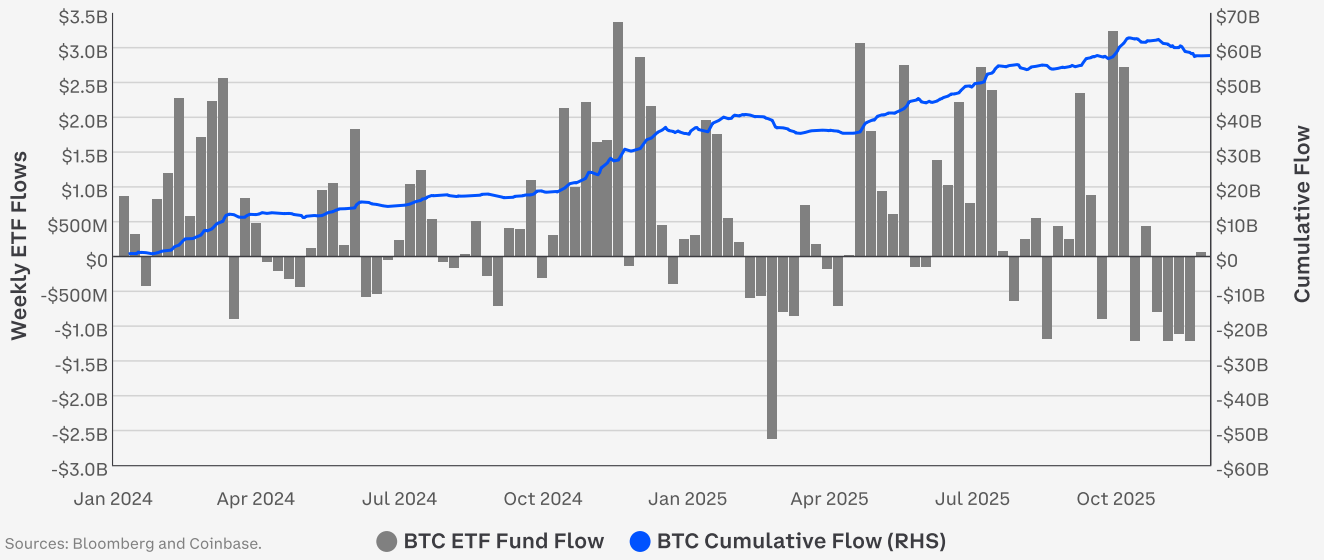
Specifically, the challenge with judging the statistical significance of these events is that it's difficult to disentangle the idiosyncratic nature of the halving from exogenous factors like global liquidity, interest rates and moves in the multilateral USD index. Previous bitcoin halvings occurred alongside some important historical monetary and fiscal developments, for example.

In 2012, the Fed started to buy mortgage-backed securities and long-dated Treasuries as part of QE3. In 2016, Brexit may have stoked fiscal concerns in the UK and Europe and provided a catalyst for bitcoin buying. In 2020, global central banks and governments responded to the COVID-19 pandemic with unprecedented levels of stimulus, driving liquidity sharply higher. Detrending bitcoin price action from the movements in such factors helps elucidate the situation somewhat, but outside of the third halving, evidence that these halving events either supported or harmed bitcoin price action is not entirely clear cut.

Moreover, we believe that this historical framework has become less relevant for understanding bitcoin's performance **due to a confluence of new factors** that have fundamentally reshaped its demand and market dynamics. Traditionally, bitcoin's price movements were often analyzed through the lens of early adoption cycles and retail investor sentiment. For example, miners were once a substantial source of indiscriminate selling pressure to cover operational costs. But their influence on overall market dynamics has significantly waned as the landscape has evolved.

One of the most impactful changes has been the increase in institutional adoption. Major financial institutions, including asset managers, hedge funds, and even some traditional banks, are now actively participating in the bitcoin market. Even publicly traded companies (i.e. DATs or digital asset treasuries) started adding bitcoin to their balance sheets en masse in 2025. This new class of "larger players", with their deep pockets and long-term investment strategies, now exerts a far greater influence on market sentiment and price action, effectively dwarfing the cumulative impact of miner selling.

Chart 14. US spot bitcoin ETFs have attracted net inflows of $58B since inception



Sources: Bloomberg and Coinbase.

This influx of sophisticated capital also brings with it a different set of investment objectives, risk management strategies, and long-term outlooks compared to individual retail investors. Institutional investors often view bitcoin as a hedge against excess money supply creation or a diversifier within a broader portfolio, which we think is contributing to a more stable and less volatile demand profile over time. **In short, institutional commitments often lead to larger, more sustained investments rather than speculative, short-term trades.**

Overall, the increasing accessibility of bitcoin through regulated exchanges, investment vehicles like ETFs, and user-friendly platforms has played a crucial role in widening crypto's appeal. These new demand drivers collectively contribute to a more mature and complex market for bitcoin, making historical frameworks, which may not account for these evolving dynamics, less effective in predicting future performance.

The Quantum Threat

Defining the Problem

Bitcoin's long-term security may be entering a new regime as quantum computing advances, even if **the "quantum threat" is not immediate**. Indeed, investors are becoming increasingly concerned that quantum computing risks may be approaching faster than previously thought. For example, BlackRock highlighted this in its iShares Bitcoin Trust ETF (IBIT) amended prospectus (filed May 9, 2025), while U.S. and EU agencies have been guiding critical infrastructure towards a migration to post-quantum cryptography (PQC) by the end of 2035.

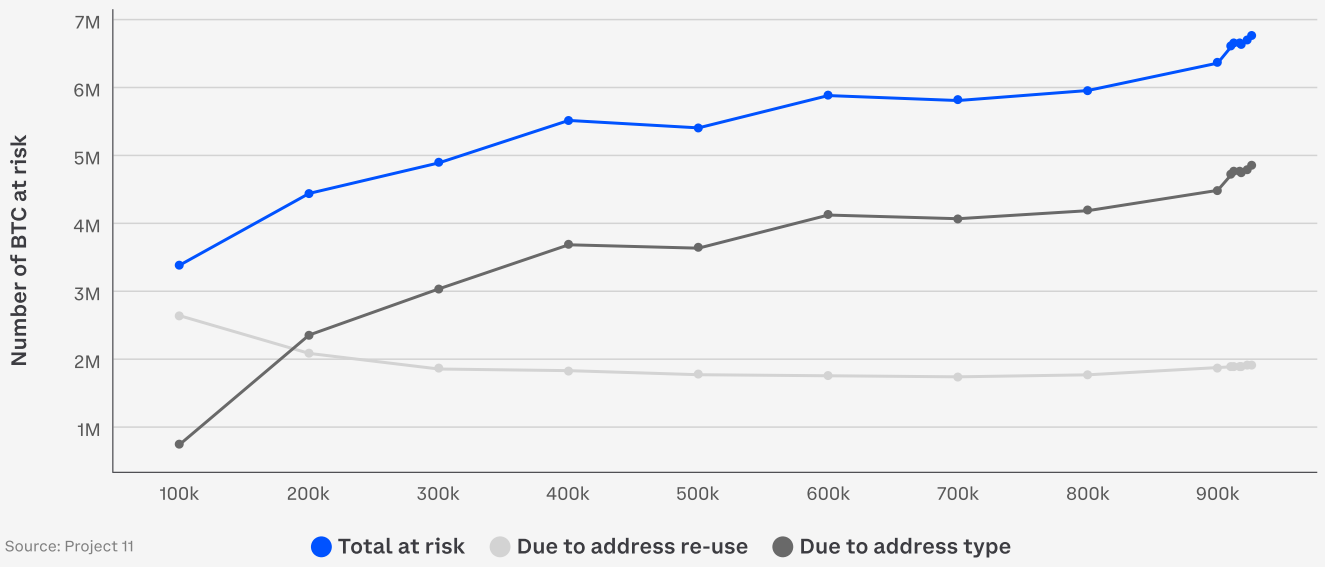
The reality is that quantum computing is poised to solve some of the world's most complex problems—from medical discoveries to climate modeling. But it will also require upgrades to many of the cryptographic systems that we rely on today. Traditional finance may be among the most impacted due to its reliance on closed systems, but open protocols like Bitcoin and Ethereum are also actively preparing.

The core risk emerges at "Q-day," when cryptographically relevant quantum computers (CRQCs) could potentially run Shor's and Grover's Algorithms to undermine bitcoin's cryptographic signature. That is, bitcoin's security relies primarily on two cryptographic pillars: the Elliptic Curve Digital Signature Algorithm (ECDSA) for transaction signatures and SHA-256 for the proof-of-work mining processes. **That means quantum computers actually pose two separate threats.** They could potentially break the cryptographic security of private keys, allowing attackers to steal funds from vulnerable addresses, and they could potentially mine blocks more efficiently, disrupting bitcoin's economic and security model.

That said, we think quantum mining itself remains a lower-priority concern for now given scaling constraints, making signature migration the central issue. Practically, that first threat splits into two dimensions: long-range attacks against outputs whose public keys are already exposed onchain, and short-range attacks that could front-run spends as public keys appear in the mempool.

As of block 900,000, roughly 6.51M BTC—or about 32.7% of supply—appears vulnerable to long-range quantum attacks, largely due to address reuse and script types that reveal public keys onchain. These include Pay-to-Public-Key (P2PK), bare multisig (P2MS), and Taproot (P2TR), with Satoshi-era coins a known subset of legacy P2PK outputs. Meanwhile, every output is vulnerable to short-range attacks at the moment of spending, which elevates the urgency of a broad migration toward quantum-resistant signatures **even if the near-term probability of a successful attack remains low.**

Chart 15. BTC at risk of quantum attack due to vulnerable addresses



Source: Project 11

Mitigating Quantum Risks

A plausible roadmap is taking shape to counteract these vulnerabilities. The primary long-term strategy is to integrate post-quantum cryptography into the network — using new algorithms that are resistant to quantum attacks. The U.S. National Institute of Standards and Technology (NIST) has a short list of PQC protocols that include CRYSTALS-Dilithium, SPHINCS+, and FALCON. Note too that we have established the *Coinbase Independent Advisory Board on Quantum Computing and Blockchain*, a group of world-renowned experts convened to evaluate the implications of quantum computing for the blockchain ecosystem and provide clear, independent guidance to the broader community.

Guidance from Chaincode Labs — a bitcoin research and development center — sketches two multi-year processes to mitigate the risk. First, if quantum computing experiences a sudden breakthrough, a short-term contingency path could be implemented within two years that quickly deploys protective measures to secure the network by prioritizing migration transactions exclusively.

On the other hand, if quantum breakthroughs do not occur, a longer-term path could be used to standardize quantum-resistant signatures via a soft fork, though post-quantum signatures are larger and slower to verify than today's signatures, so wallets, nodes, and fee economics need time to adapt. This could take up to seven years to fully implement. Fortunately, the most advanced quantum machines today have fewer than 1,000 qubits, far short of what would be needed to compromise the cryptography that secures blockchains like Bitcoin.

Promising technical proposals to address the quantum threat include:

- BIP-360 (Pay-to-Quantum-Resistant-Hash) to keep public keys off-chain and pave the way for post quantum signatures
- BIP-347 (re-enabling OP_CAT to support hash-based one-time signatures)
- Hourglass (rate-limiting spends from vulnerable outputs to stabilize the transition)

Best practices include avoiding address reuse, moving vulnerable UTXOs to unique destinations, and developing client-facing materials to institutionalize quantum-ready operations. This approach is supported by the current understanding that vulnerable scripts are not in production and that per-address fund limits mitigate concentration risk.

Overall, we do not view quantum computing as an imminent threat because today's machines are orders of magnitude too small to break Bitcoin's cryptography. That said, we are glad that the open-source community remains vigilant about engineering post-quantum migration paths.

3 Ethereum

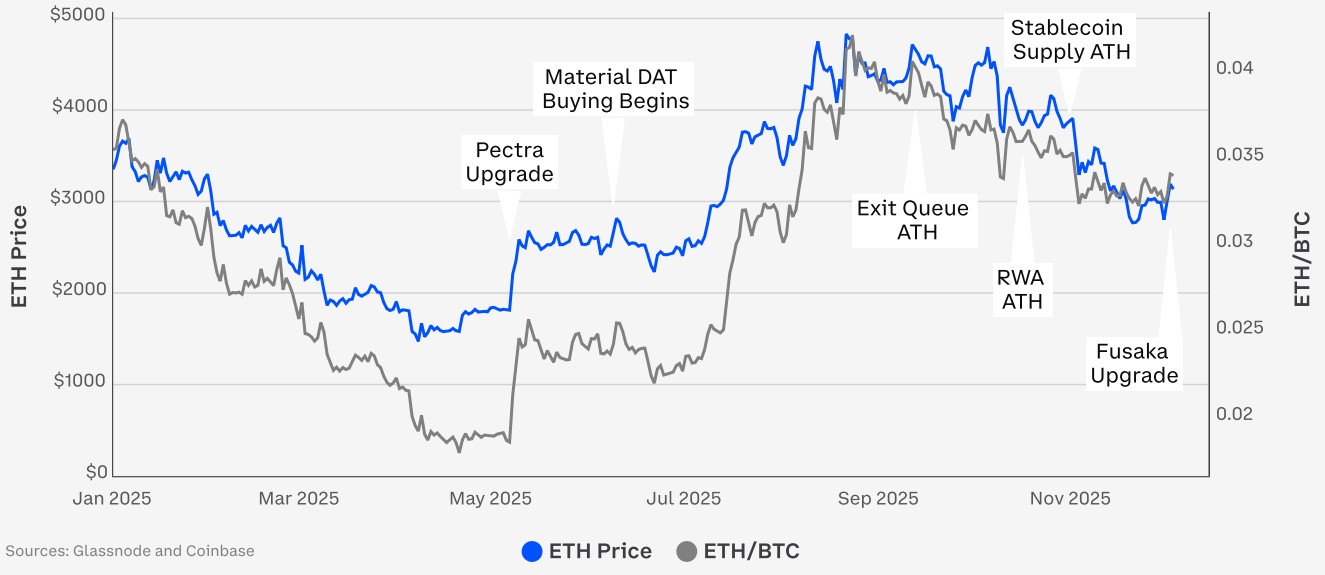
Market Outlook

ETH's 2025 price action was a rollercoaster: after a ~60% slide from January into early April with ETH/BTC reaching 5 year lows, the price ripped ~250% into late summer on a surge of institutional demand—first through corporate DAT demand and then via ramping spot ETF inflows. ETH's trend flipped decisively bullish a day after the Pectra upgrade. We think the upgrade resonated with sophisticated buyers on four fronts:

1. throughput & fee relief via blob scaling and dynamic blob targets (EIP-7691), which raise data capacity and help keep rollup costs lower;
2. account abstraction UX (EIP-7702), letting externally owned accounts (EOAs) temporarily act like smart accounts to batch transactions and pay gas in non-ETH denominations, removing friction for consumer apps and institutional workflows;
3. cleaner staking operations through a higher max validator balance (EIP-7251) plus contract-controlled withdrawals and onchain deposit processing (EIP-7002, EIP-6110), which improved efficiency and operational control for pooled/custodial staking; and
4. stronger security from upgraded cryptographic safeguards.

Together, we think this framed Ethereum as a more scalable, lower-friction, and institution-ready settlement layer.

Chart 16. Ethereum (ETH) 2025 events/milestones

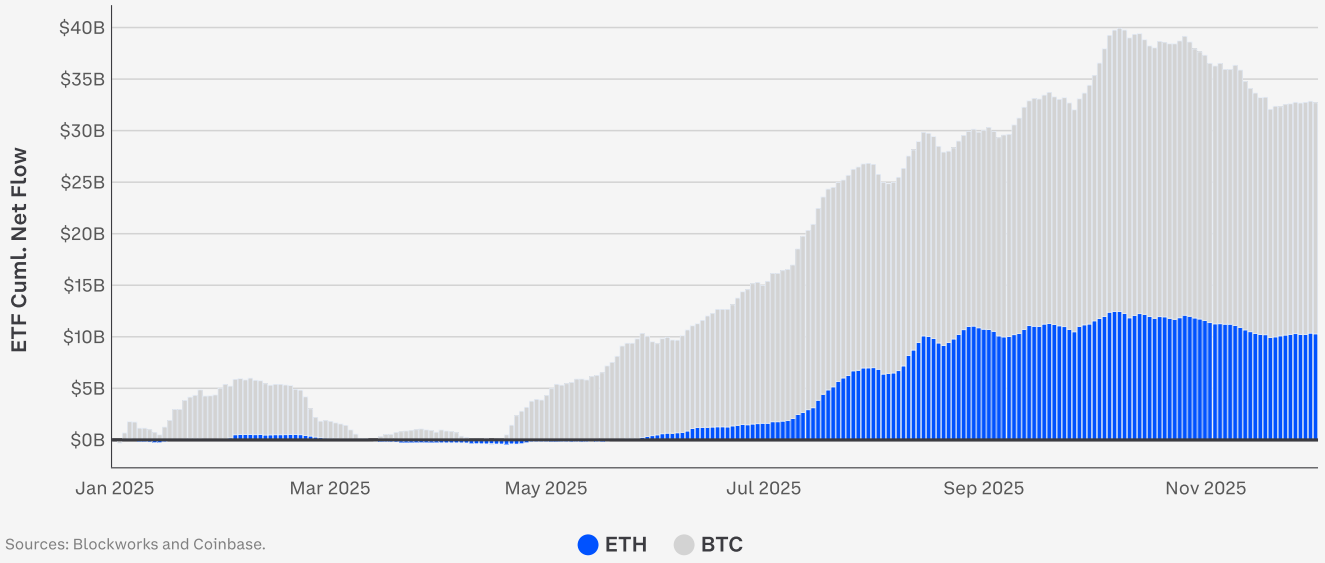


Sources: Glassnode and Coinbase

Flows accelerated immediately post-Pectra, but then cooled with the broader risk reset in October. U.S. spot ETH ETFs posted multiple outsized inflow days through mid-late 2025, including a record weekly haul of ~$2.8B in mid-August, driving an exceptionally fast ramp in inflows from June to September. By late October, cumulative 2025 spot inflows reached ~$12B for ETH versus roughly double that for BTC, consistent with "BTC-first" adoption but still a historically large base of incremental ETH demand. In fact, ETH spot ETF inflows outpaced BTC in 3Q25.

After the October 10 deleveraging shock, the largest crypto liquidation episode on record, momentum stalled and net outflows appeared as price weakened. Looking to 2026, we think a renewed uptrend in ETF inflows likely hinges on macro tailwinds (lower interest rates, firmer risk appetite, and easier financial conditions) to re-engage the ETF buyer base.

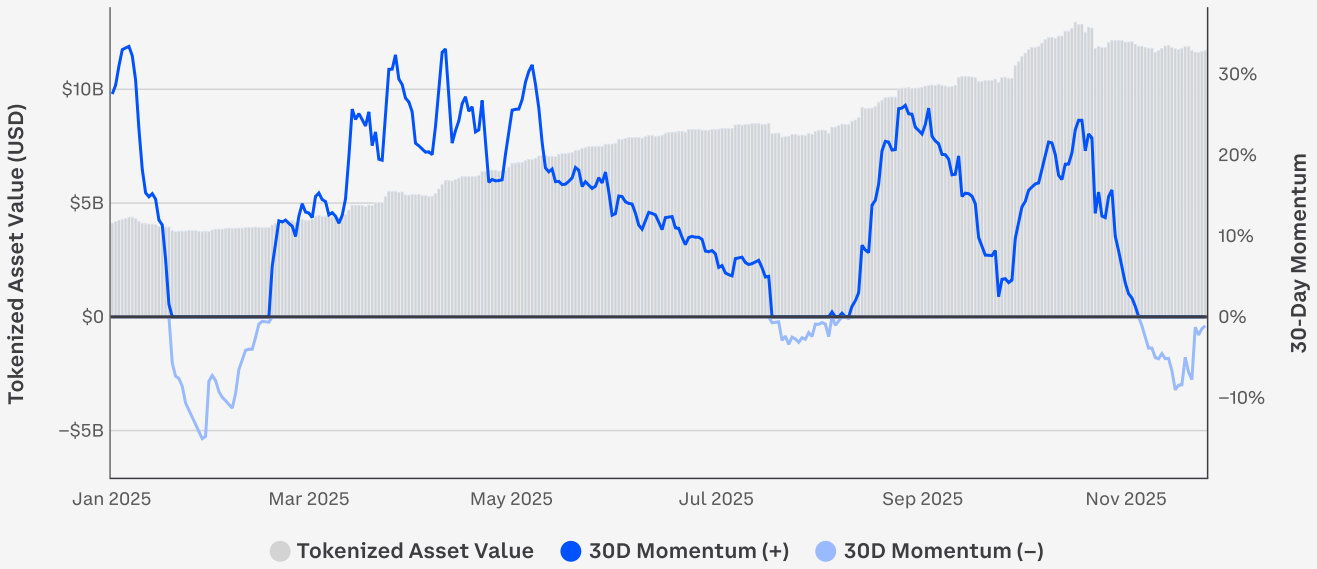
Chart 17. Cumulative ETH vs BTC spot ETF net flows



Sources: Blockworks and Coinbase.

At the same time, real-world assets (RWAs) emerged as Ethereum's "durable demand" wedge, and they're still compounding. Tokenized Treasuries and onchain funds scaled materially in 2025, lifting total tokenized assets on Ethereum to peak at $12.7B. BlackRock's BUIDL alone reached about $2.5B on Ethereum in October before reallocating portions to other chains. Yet, as of November 3 Ethereum still held about 52% of the RWA market share—underscoring its role as the settlement rail for regulated yield. Looking to 2026, we think continued growth in onchain cash and tokenized credit could anchor baseline blockspace usage and fee generation even when speculative activity ebbs, providing a steady, fundamentals-driven bid for ETH.

Chart 18. ETH RWA momentum

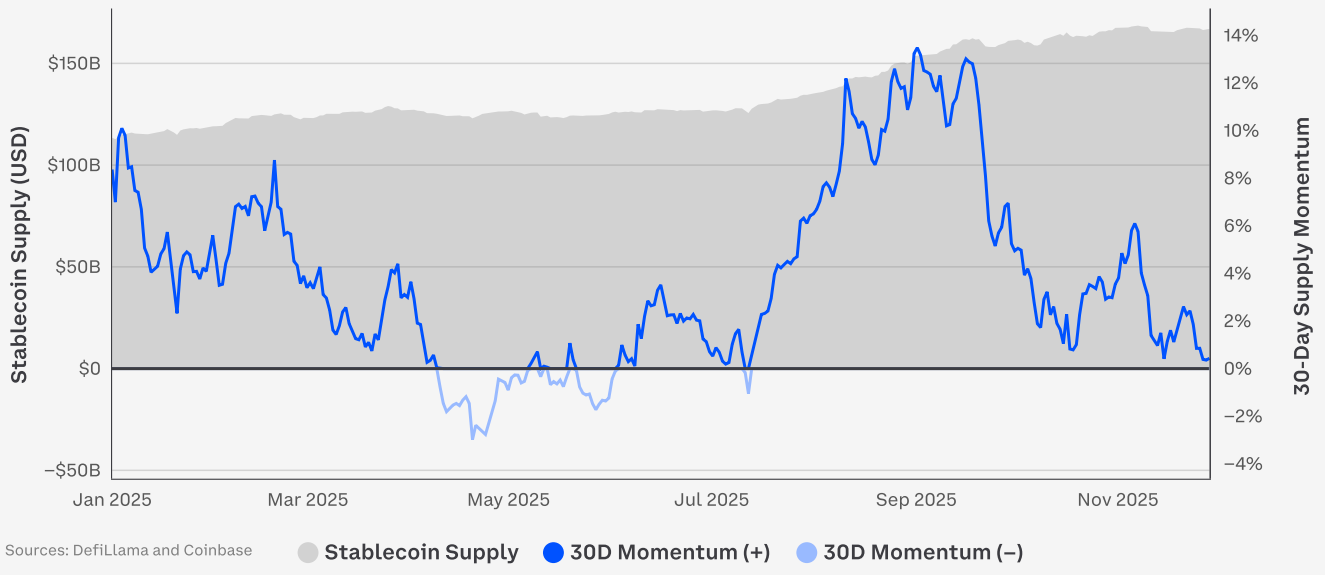


Sources: rwa.xyz and Coinbase

Stablecoin supply on Ethereum hit fresh highs in November (now ~60% of DeFi stablecoin market share), yet 30-day growth momentum has cooled since October's risk reset. Looking into 2026, the next phase likely isn't just "more of the same," but selective fragmentation: Circle's Arc (an EVM L1 with USDC as native gas, sub-second finality, and a built-in FX engine) and Stripe's Tempo (EVM payments L1) aim to concentrate USDC settlement on purpose-built rails, which could siphon payment-type flows from chains where USDC dominates retail throughput. We think Solana is structurally more exposed (USDC-heavy base, payments/TPS positioning), while Ethereum's mix (USDT-heavy base, RWA/DeFi collateral, lower TPS, higher fees) is less sensitive to a USDC-specific migration and more tied to institutional rails.

As a result, we think Ethereum's stablecoin share looks resilient even if growth rotates across venues. In our view, renewed expansion in circulating supply should still support ETH activity (especially on L2s and in RWA collateral loops) while Arc/Tempo may primarily re-route USDC payments away from high TPS chains rather than erode Ethereum's institution-leaning base.

Chart 19. ETH stablecoin supply momentum

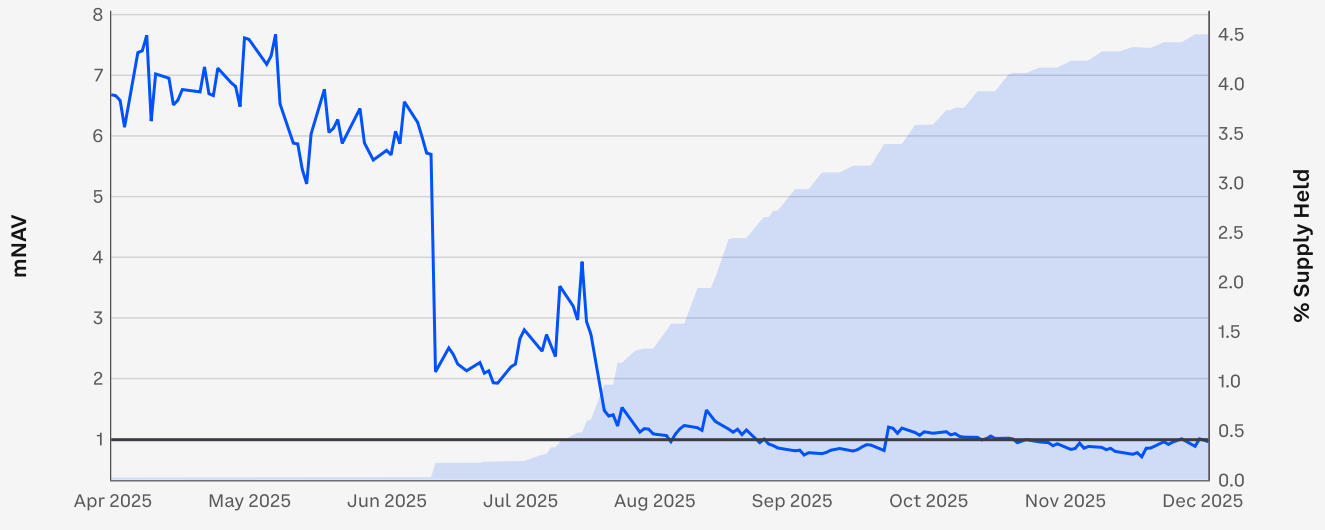


Sources: DefiLlama and Coinbase

DAT Demand Driver

Digital asset treasuries (DATs) were a huge new player supporting demand for ETH in 2025. They accumulated ETH aggressively, ultimately holding a little over 4% of circulating supply by year-end, adding a consistent bid even as broader liquidity whipsawed. As ETH's parabolic price action cooled, DAT mNAV (market cap divided by the value of crypto asset holdings) compressed sharply, reflecting fading euphoria and tighter risk budgets.

Chart 20. ETH DATs – mNAV vs supply held

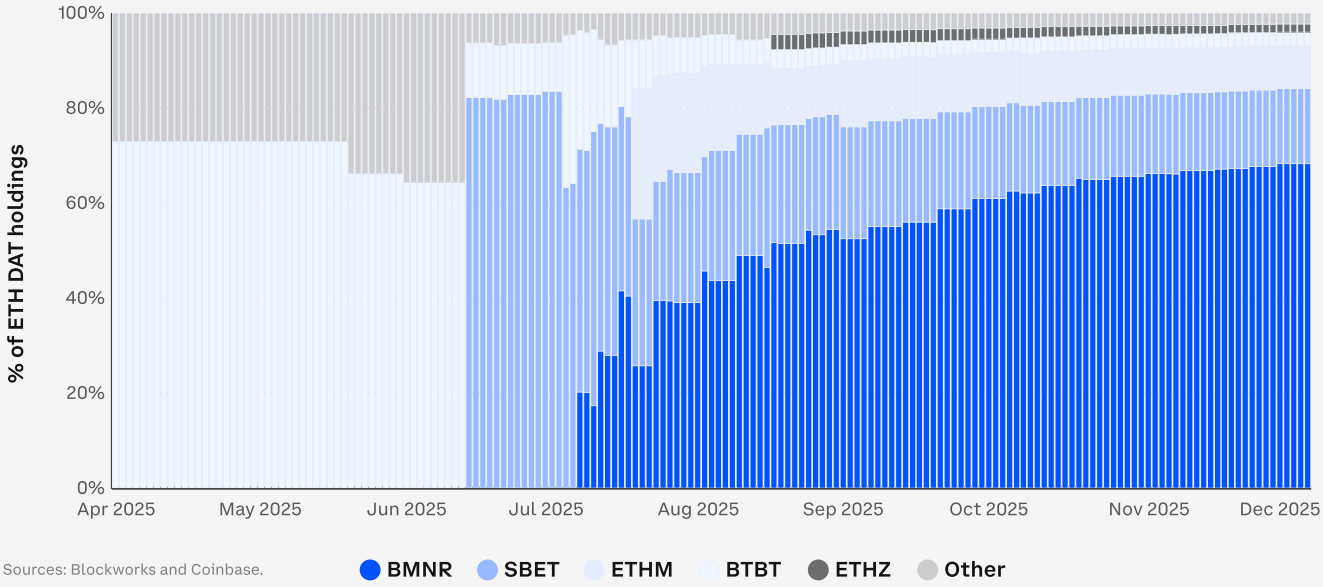


Sources: Blockworks and Coinbase.

However, even after the considerable mNAV compression, the percentage of supply held by ETH DATs has continued to climb. That's because, into Q4, the incremental DAT bid has become concentrated, with the majority of new ETH purchases coming from BitMine (BMNR), while other DATs have been relatively sidelined.

Looking into 2026, we think DATs will remain a meaningful "sticky" supply sink for ETH, but forward support will likely be narrower and more price-sensitive unless (1) ETH price regains momentum or (2) new corporate treasuries join the buyer set. In other words, we think DAT support is still a tailwind – just not the broad, multi-sponsor tailwind it was at the height of 2025.

Chart 21. ETH DATs – Percent of supply held, by operator

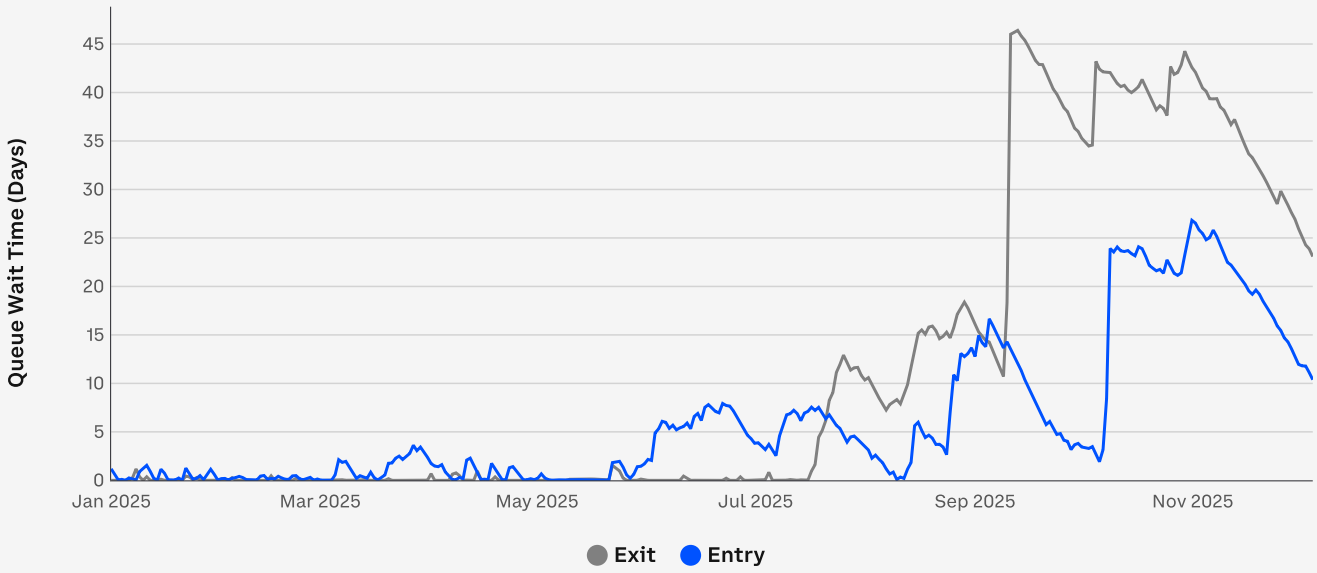


Sources: Blockworks and Coinbase.

Egregious Exit Queue

Exit times for unstaking ether blew out to weeks, not days, in 2H25. Through September, Ethereum's validator exit queue spiked to ~45 days with ~2.6M ETH lined up, after precautionary exits (e.g., Kiln following the SwissBorg incident) pushed the backlog to record levels. Additional ETH joined the queue after the October 10 liquidations, while entry demand also jumped (primarily from Grayscale enabling staking in its U.S. spot funds), making the surge look like two-way routing rather than a unilateral de-risk. Still, the fact that wait times can extend beyond a month is problematic: during stress, liquidity trapped in the queue is liquidity unavailable to meet redemptions or risk-management needs.

Chart 22. ETH validator queue wait times



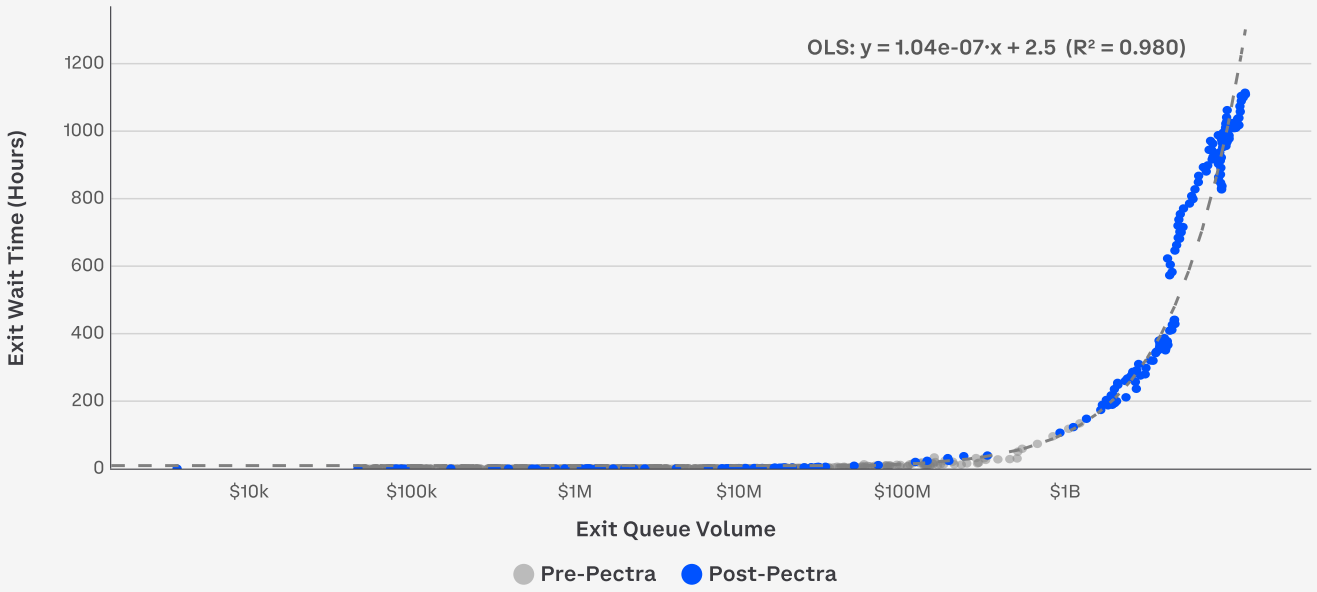
Sources: Validator Queue, beaconcha.in, and Coinbase.

Queue mechanics: Exit waits remain near hours for modest batches but can rise to weeks in the case of large scale events. That matters for anyone managing daily liquidity against potential exit queue times. In particular, we think this will have the following important implications for staking ETH ETFs:

- **Daily liquidity design:** A well-run staking ETF can meet routine redemptions by holding an unstaked liquidity sleeve (cash and/or unstaked ETH) and by pacing creations/redemptions. That sleeve is the first line of defense so investors don't "feel" the queue in normal conditions.
- **Process reality check:** Pectra didn't eliminate exit latency (though it wasn't necessarily intended to). Consensus-layer churn still throttles exits. There's also still a variable exit queue and a ~1-day withdrawability delay. Withdrawal-sweep congestion (legacy-swept 0x01 validators) and partial-withdrawal queues mean there's no fast-track during large, synchronous redemptions.
- **Sizing the liquidity sleeve:** Sleeves should cover a typical day of outflows plus a prudent stress buffer, with the balance bridged by credit lines and/or validator-transfer tooling. The percentage will vary by issuer, but 2025 black swan events showed ETF architecture must underwrite extreme, correlated shocks (e.g., the Oct-10 cascade) and idiosyncratic events (e.g., Kiln's exits pushing the queue toward ~40+ days).

We also see the possibility of a system-level risk emerging. A bigger institutional staking base can amplify queue frictions in selloffs. The same allocators that stabilize flows in calm markets can become synchronous sellers in a liquidation cascade. If staking ETFs and large custodial programs grow meaningfully in 2026, a price shock could send many to the exit at once, lengthening queues, delaying redemptions, widening liquid staking token (LST) discounts to NAV, and forcing second-order de-risking elsewhere while capital is stuck in line. Put simply, we think institutional adoption lifts the floor of staked ETH supply but also the ceiling on "all-at-once" exit volume.

Chart 23. Impact of ETH exit queue volumes on wait time



Sources: Validator Queue, beaconcha.in, TradingView, and Coinbase.

Fusaka Upgrade

The Fusaka upgrade went live on December 3, 2025. It is one of the largest hard forks in terms of scope, incorporating around a dozen Ethereum Improvement Proposals (EIPs), focusing on scalability enhancements for Layer-2 networks and network efficiency. Most of the EIPs are aimed at rollup scalability and node efficiency, which may not immediately drive ETH price action, though we call out a few changes we think are most critical below:

- **EIP-7594:** This EIP lets nodes verify blob-data availability by sampling instead of downloading every binary large object (blob), materially reducing bandwidth while laying the groundwork to raise blob capacity over time (helping L2 fees). This is a networking-layer step toward full Danksharding.
- **EIP-7935:** This update increases the client default block gas limit to 60 million, allowing for more complex transactions and higher throughput on the base layer. It benefits L2 scaling by enabling heavier workloads while maintaining network stability.
- **EIP-7951:** This EIP adds native support for the secp256r1 Elliptic Curve, commonly used in hardware wallets and security standards like Transport Layer Security (TLS). It simplifies integration with off-chain systems, enables passkey-based authentication (e.g., Face ID), and enhances user experience for account abstraction without costly conversions.
- **EIP-7642:** This proposal adds a history-serving window so nodes advertise which block ranges they serve, and it removes the Bloom field from receipts on the wire to cut sync costs. This reduces storage needs for nodes, saves significant disk space, and speeds up synchronization for new nodes.

Separately, a series of EIPs also focuses on network hardening, such as EIP-7892 for Blob Parameter Only (BPO) hardforks, which allows flexible adjustments to blob counts without full upgrades, and optimizations like EIP-7939 for a new CLZ opcode to reduce gas costs in bitwise operations. These changes aim to enhance Ethereum's modularity, reduce risks, and improve developer efficiency, while also laying the groundwork for future scaling efforts like Verkle Trees, without disrupting existing contracts.

Glamsterdam Upgrade

The planned Glamsterdam upgrade is targeting a 2026 release and is currently in the planning and governance phase, with EIP proposals under review. It represents a planned significant step in Ethereum's ongoing evolution, focusing on scalability, efficiency, and reducing centralization risks. While the final scope is still being determined, several key proposals stand out for their potential impact on the network's performance and user experience.

- **EIP-7732:** This feature aims to enshrine the separation of block proposers and builders directly into the protocol, reducing the risks associated with Maximal Extractable Value (MEV) and builder centralization. By making this separation native to Ethereum, it enhances censorship resistance, improves block-construction efficiency, and promotes a more decentralized validation process.
- **EIP-7928:** This EIP introduces block-level access lists that record all accounts and storage locations accessed during block execution. This enables parallelization of transaction processing and can significantly improve throughput and reduce gas costs for complex operations. It also helps in optimizing state access, making the network more efficient overall.
- **EIP-7782:** This proposal seeks to halve Ethereum's slot time from 12 seconds to 6 seconds, effectively reducing onchain latency and epoch duration. This change would accelerate transaction finality and improve the responsiveness of decentralized applications, benefiting Layer-2 networks and overall user experience.

Separately, other potential EIPs under discussion could further enhance the EVM, such as improvements to contract size limits or additional optimizations for data availability. These changes aim to make Ethereum more scalable, secure, and developer-friendly, supporting future innovations like full Danksharding and stateless clients without disrupting existing deployments.

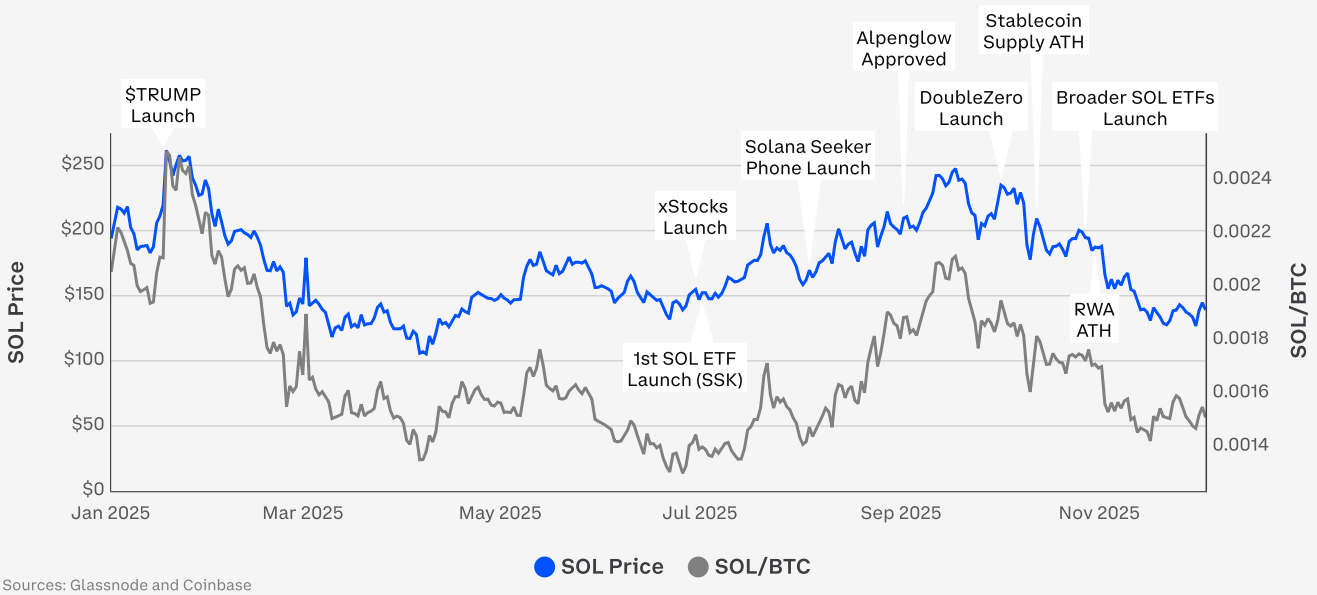
4 Solana

Market Outlook

Solana began 2025 with a bang: the $TRUMP coin launched in January and marked the blow-off top of Solana's memecoin super-cycle and, effectively, the local top for SOL itself. Because memecoin activity was a significant revenue driver for Solana, the unwind was swift. SOL fell ~68% from the January peak before finding support near $100. Notably, SOL/BTC bottomed later. After several months of underperformance, the SOL/BTC pair bottomed only before two tangible catalysts arrived in July: 1) launch of the first SOL staking ETF and 2) xStocks (tokenized equities) on Solana. The introduction of SOL ETFs expanded the addressable buyer base, while xStocks brought tradFi to the blockchain. These catalysts (and a series of other developments like the Solana Seeker launch, Alpenglow approval, increasing SOL DAT engagement) helped support SOL/BTC into summer.

However, while 4Q25 continued to witness real upgrades and strong fundamental catalysts for Solana, macro trumped micro. BTC's trend broke on macro worries (tariff policy uncertainty, tighter dollar liquidity, sticky inflation, etc.), which pulled the whole crypto market lower. Consequently, Solana fell around ~50% despite the following catalysts: 1) DoubleZero launched, significantly boosting Solana performance, 2) broader and cheaper SOL ETF vehicles launched, and 3) both stablecoin supply and RWA net flows hit all-time highs. We think this price action boils down to one important takeaway for 2026: on average, altcoins will likely continue to follow BTC price action, regardless of fundamental catalysts, and absent a decisive break in bitcoin dominance.

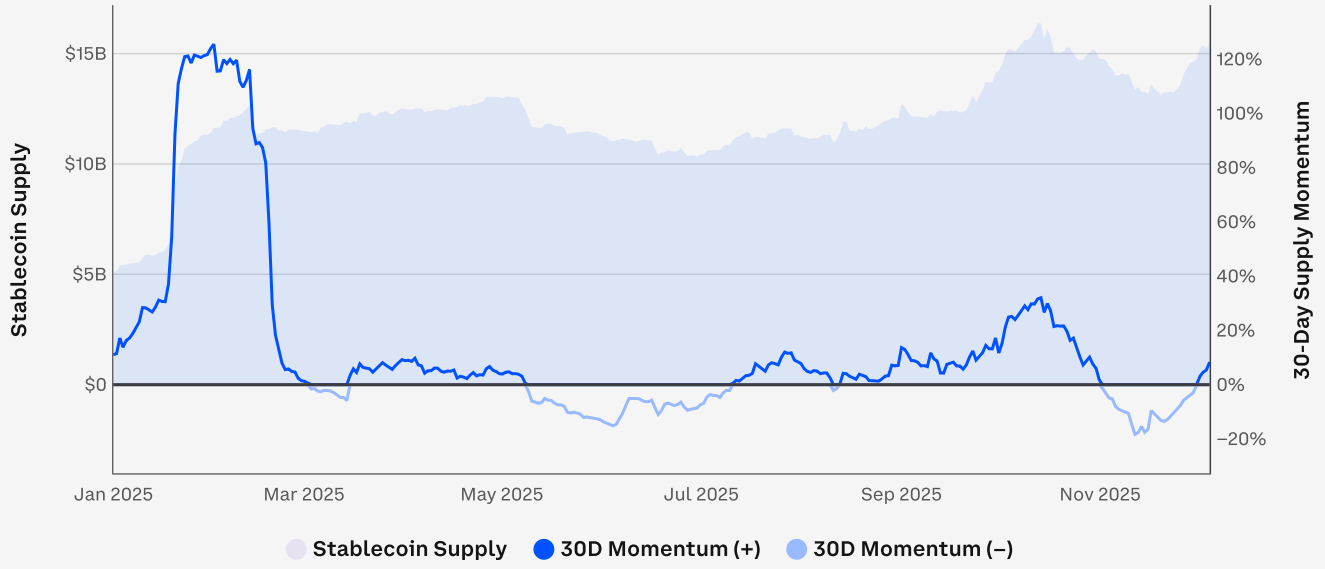
Chart 24. Solana (SOL) 2025 events/milestones



Sources: Glassnode and Coinbase

The stablecoin story for Solana followed a mixed path. Stablecoin activity on the chain surged in January, in-line with memecoin mania, but became lackluster after memecoin activity fell. Since October 10's liquidation event, Solana's stablecoin momentum turned negative, while Ethereum's stayed positive. Looking forward into 2026, we think Solana may continue to face pressure from the launch of new L1s. As we note in the "Ethereum" section, the 2026 launch of USDC-native, payments-optimized L1s (Circle's Arc and Stripe's Tempo) could re-route some merchant/wallet flows. Given Solana's USDC-heavy mix (~60%) and payments/TPS positioning, that competition targets SOL's comparative advantage more directly than Ethereum's (whose base is more USDT-anchored and institution-leaning).

Chart 25. SOL stablecoin momentum

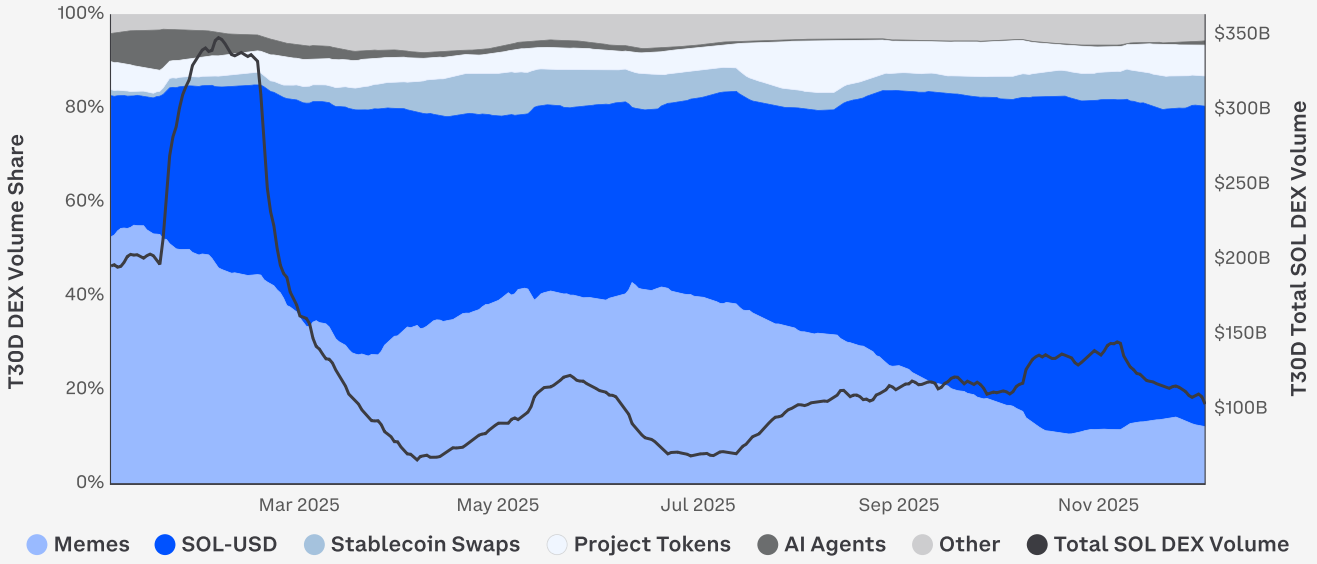


Sources: DefiLlama and Coinbase

Memecoin Exhaustion

While memecoin mania was the dominant narrative for Solana in 2024, activity faded through 2025 and pulled total Solana DEX turnover down with it. Activity spiked around the $TRUMP/$MELANIA launches, driving fees and throughput to congestion thresholds that produced delays, failed/queued transactions, and higher priority fees. While this was good for short-term revenue, it was bad for user experience. As the year wore on, returns compressed for new launches, due to dilution from too many tokens, more rugs, and aggressive profit taking. Liquidity was fragmented across countless pairs, and speculators soon rotated to other narratives. The result was a visible activity shift on Solana away from memes and a clear downtrend in total Solana DEX volumes throughout the year.

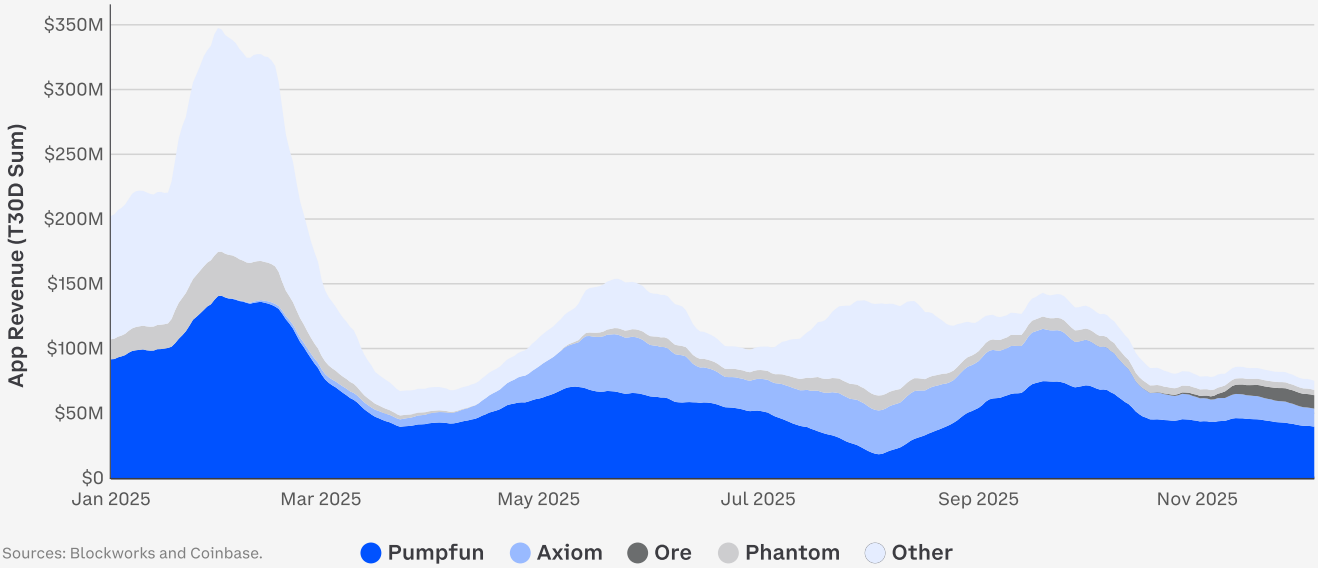
Chart 26. Solana DEX volume share breakdown



Sources: Blockworks and Coinbase

App-level revenue trends painted a similar story. Aggregate Solana app revenue fell sharply from the early 1Q25 memecoin peak, when PumpFun, Phantom, and other consumer apps were collectively generating over $300M monthly, to well under one-third of that run rate by late 4Q25. Within that decline, PumpFun proved the most resilient revenue engine on the chain: even as overall memecoin volumes shrank, its launch rails and fee model continued to capture a disproportionate share of what speculative flow remained, while revenue from other apps compressed more visibly. That concentration underscores both a strength and a vulnerability for Solana in 2026: its leading consumer app can still generate meaningful cash flow, but the app revenue base is largely tied to a single, narrative-driven product vertical.

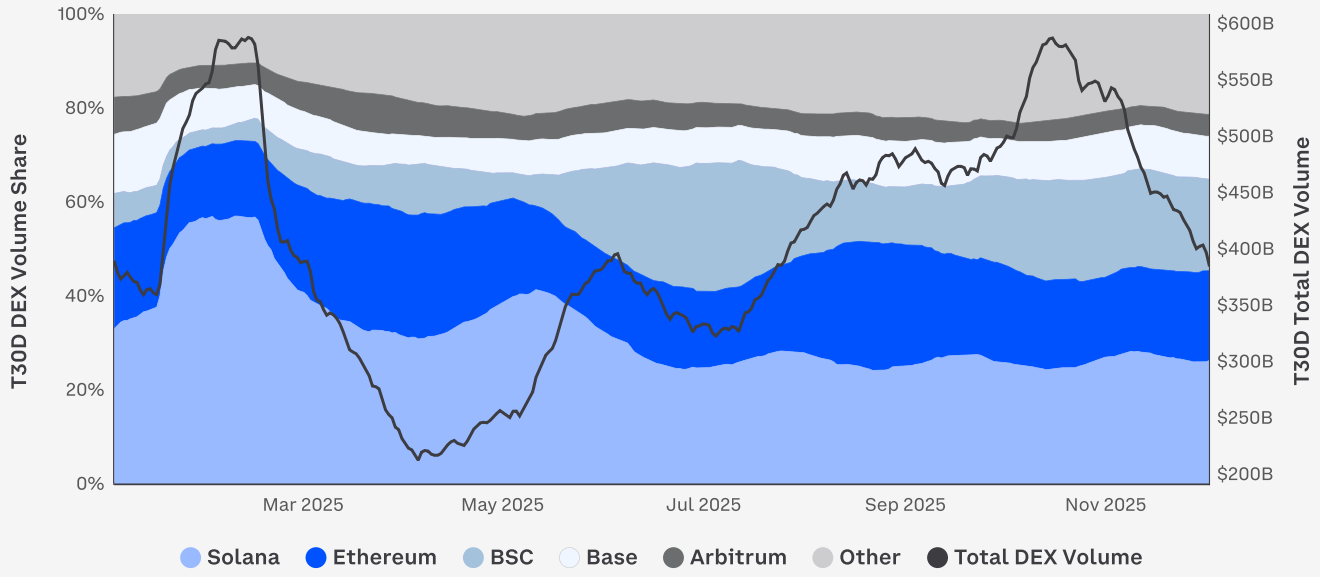
Chart 27. Trailing-30-day Solana app revenue



Sources: Blockworks and Coinbase.

However, not every chain shared Solana's fate. As Solana DEX activity cooled, flow rotated to BNB Chain, where an Asia-led burst of meme launches, turbocharged by BNB price momentum and relentless social hype, sparked a fresh meme season that siphoned retail liquidity and attention away from Solana. The rotation was large enough that, even with Solana's DEX volume down ~60% from January to November, aggregate cross-chain DEX volume stayed roughly flat as BNB Chain absorbed the slack. The feedback loop showed up in BNB's price action too: despite most alts dropping ~70%+ in the October 10 liquidation shock, BNB briefly set a new high afterward before rolling over with the rest of crypto once BTC broke trend.

Chart 28. Trailing-30-day DEX Volume market share



Sources: DefiLlama and Coinbase

We think meme volume is highly susceptible to both (1) narratives and (2) a large excess in market liquidity. Solana's base still commands the deepest single-chain DEX volume share, but sustaining that edge likely depends on fresh catalysts that create repeatable flow outside pure memes (e.g., tokenized equities, AI agents, RWAs, DePIN, etc.). If the meme bid remains fragmented across chains, Solana's relative share can drift, even while absolute DEX volumes rise in a broad risk-on environment. Conversely, a renewed single chain meme super-cycle or a killer consumer protocol (like PumpFun) on Solana would quickly re-concentrate flow and benefit the $SOL token.

Rise of Proprietary AMMs

Proprietary automated market makers (AMMs) have become the default execution layer for Solana, displacing public AMMs in less than a year.

Public AMMs offer a classic DeFi design:

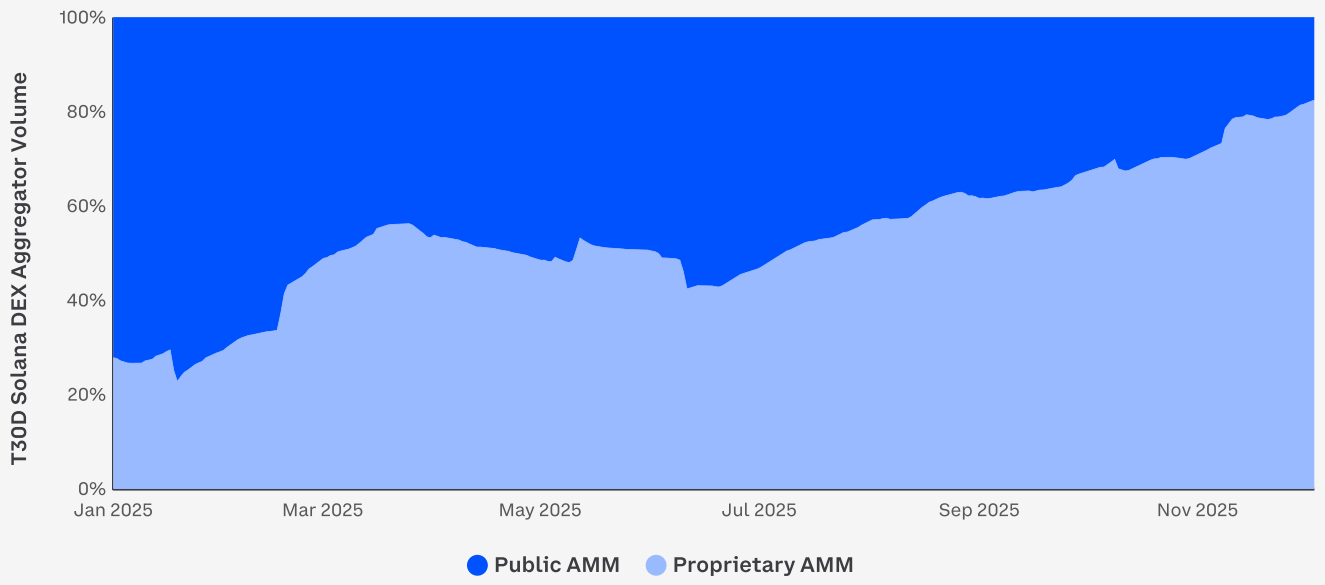
- anyone can deposit into transparent bonding
- anyone can trade directly against them
- pricing only changes as trades consume or add liquidity

Proprietary AMMs invert that model in favor of a centralized approach:

- liquidity is owned and managed by a single firm
- pricing is driven by fast oracles and proprietary algorithms
- users typically access them only through aggregators, not via public front-ends

Over 2025, these prop venues went from handling ~25% of aggregator-routed swaps to ~80%. This means most trades now clear against actively managed, firm-owned liquidity, rather than passive public pools.

Chart 29. Solana DEX Aggregator Volume - by AMM type



Sources: Blockworks and Coinbase

Prop AMMs work because Solana's microstructure is uniquely suited to onchain, high-frequency market making. Low fees and high throughput make it economical to stream oracle updates that cost a tiny fraction of a normal swap, and Jito's relatively cheap "tip per CU" ordering lets those lightweight updates land ahead of taker transactions. Market makers can therefore refresh quotes many times per second, concentrate liquidity tightly around the oracle price, and still pay modest fees. We think this provides Solana a strong structural edge for offering lower slippage on deep, high-turnover pairs which could facilitate more spot volumes for blue-chip pairs shifting from CEXs to Solana DEXs in 2026.

However, the efficiency gains come with a clear trade-off: liquidity and decision-making are now concentrated in a small, opaque set of operators. Prop AMMs use closed-source programs, self-managed vaults, and upgradeable strategies. There are no permissionless LPs and often no public interfaces. That opacity is a feature from the maker's perspective — it blunts toxic flow and front-running — but it also means end-users and protocols depend heavily on a few firms' risk controls and on aggregators' diligence. If a major prop venue malfunctions, then routing for swaps must adapt quickly.

Looking into 2026, we think Solana will likely operate as a two-tier market: prop AMMs for core liquidity and public AMMs for speculation on microcaps. Based on Q4 trends, we expect prop venues to retain a majority share on large cap pairs, while public AMMs remain the sandbox for micro caps. If spot volumes continue to migrate off CEXs in favor of DEXs, we think value capture will increasingly gravitate toward chains like Solana where proprietary AMMs can compete with CEX spreads and liquidity.

Demand Drivers

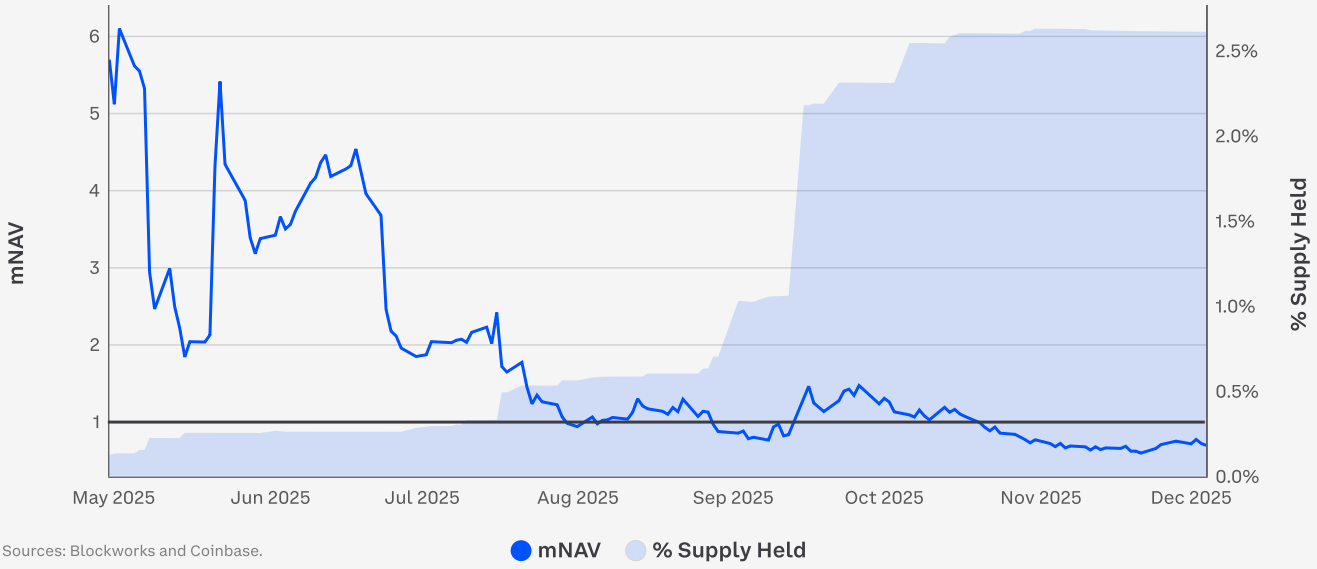
Demand diversity for Solana matured meaningfully in 2025, shifting from retail-led memecoins to balance-sheet buyers, ETFs, and onchain funds. Three new channels did most of the heavy lifting: (1) corporate digital asset treasuries, (2) U.S. spot ETFs, and (3) tokenized real-world assets. Together, they broadened the buyer base beyond purely speculative flow and created stickier sources of demand that can persist through volatility.

Through 3Q25, DAT programs accumulated steadily, pushing Solana DATs' share of supply above 2.5% by November, even as mNAV compressed from ~6x in May to sub-1 by November. That pattern suggests the corporate bid endured, while pricing discipline in equity markets penalized inflated valuations. The entrance of DATs as Solana holders is significant because they represent a more persistent and less speculative source of capital. Corporate treasury programs are governed with positions that are approved by boards, codified in investment policies, and typically executed as part of long-term accumulation strategies, which naturally dampen impulse selling.

Holdings sit in institutional custody with segregation, access controls, and audit trails—making rapid exits operationally and reputationally costly. Since many treasuries map crypto to long-duration objectives (strategic reserves, balance-sheet diversification, or ecosystem alignment), their horizon is measured in years, not weeks. Post-2024, Financial Accounting Standards Board (FASB) fair-value accounting also reduced the penalty of short-term drawdowns, lowering the incentive to de-risk mechanically

Conversely, if DATs continue to trade below NAV, the ability for accretive equity issuance is curtailed, neutralizing the "sell equity at a premium, buy crypto" flywheel. Persistent discounts also raise funding costs and invite activist pressure to "realize NAV" via tenders or asset sales, turning DATs from steady accumulators into potential net suppliers during stress. In leveraged structures, a depressed equity value can further tighten collateral headroom and force defensive de-risking, amplifying downside risks.

Chart 30. Solana DAT dynamics

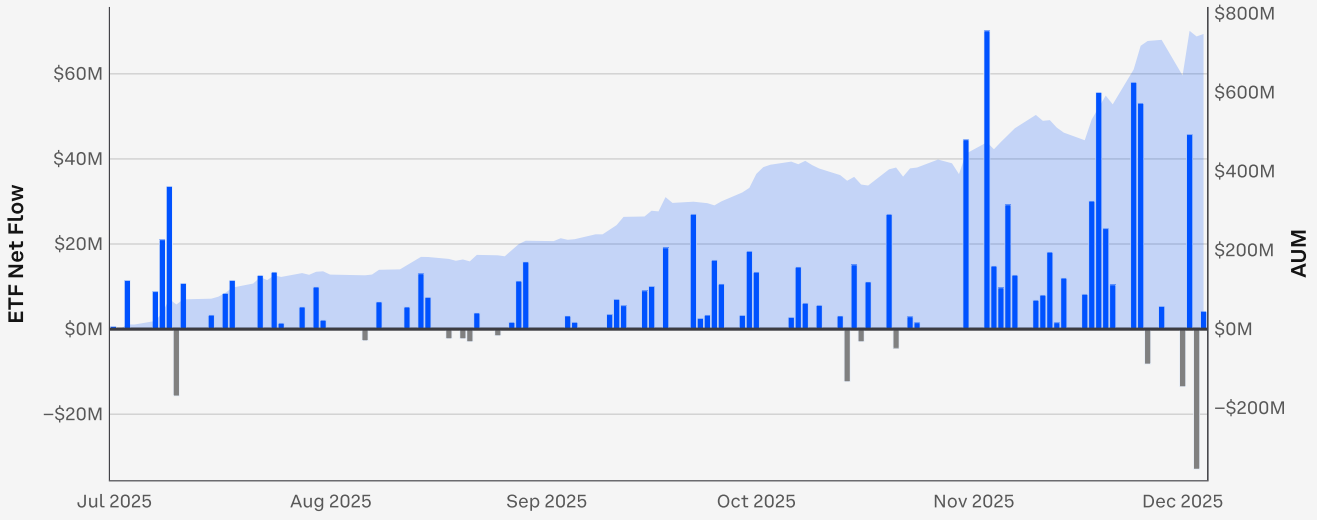


Sources: Blockworks and Coinbase.

Spot U.S. SOL ETFs opened a second conduit for capital in 2H25, with AUM and cumulative net inflows trending higher from July through early November and accelerating into year-end as lower-fee vehicles launched. Bitwise's Solana Staking ETF (BSOL), for example, posted the strongest day-one trading volumes of any altcoin ETF launched this year. We expect to see higher participation from spot SOL ETFs in 2026 due to the removal of regulatory roadblocks in 4Q25.

Because the federal shutdown furloughed most SEC staff in October, several ETF issuers structured their filings so they could launch automatically after a 20 day waiting period, without explicit SEC approvals. When that clock expired near Oct 27–28, those registrations became effective automatically, in accordance with the Securities Act. Consequently, a flurry of new ETFs launched in mid-to-late 4Q25 (BSOL, FSOL, VSOL, SOLC, and GSOL).

Chart 31. Solana ETF net flows vs AUM



Sources: Blockworks and Coinbase.

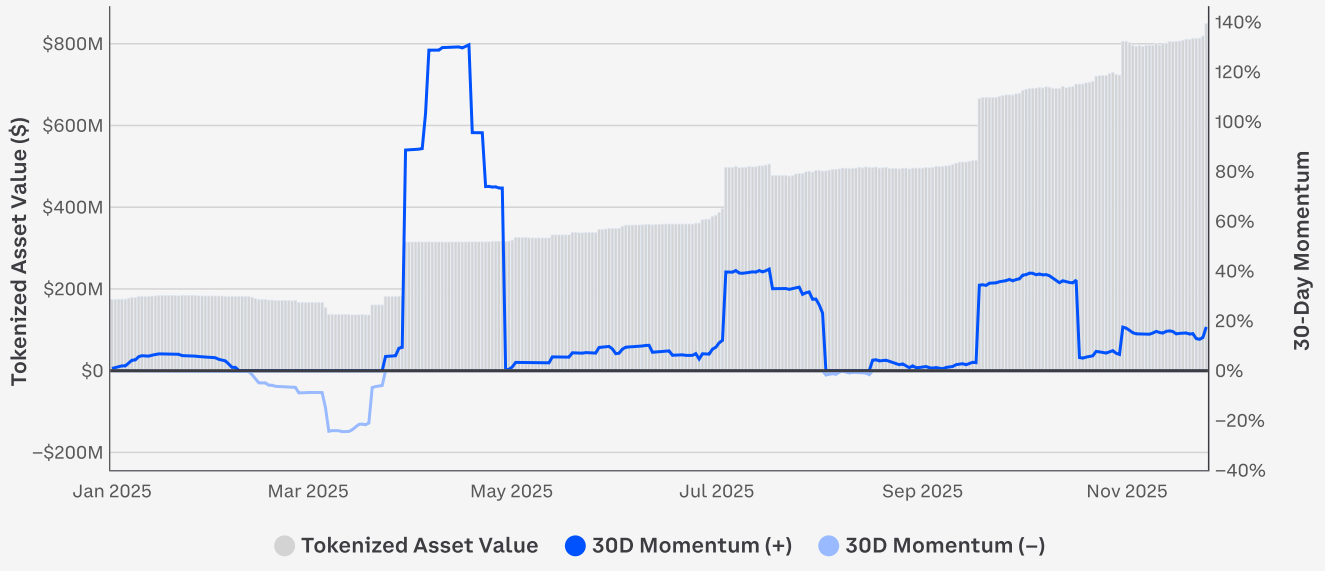
We think spot SOL ETFs offer a uniquely attractive means for SOL exposure since many of them come packaged with staking yield on top of low fees and ample liquidity. Overall, the path of SOL ETF demand in 2026 will likely be positive but pro-cyclical—additive to liquidity during uptrends but more muted when BTC dominance rises.

RWA flows on Solana expanded materially in 2025 – roughly quadrupling in tokenized asset value from January to late Q4 – creating a stream of activity that's less correlated with pure risk cycles. The build-out came in the following waves:

1. A Q1 step up as Ondo's USDY and OUSG gained traction on Solana, making yield-bearing, U.S. Treasuries-backed instruments easy to route through DeFi
2. A Q2 broader "institutional validation" phase as large traditional managers ramped tokenized fund activity industry-wide (e.g., BlackRock's BUIDL growth on Ethereum), which lifted sentiment and integration efforts across ecosystems, including Solana
3. A Q3 to Q4 leg driven by tokenized public-equity products such as Backed Finance's xStocks on Solana, which brought SPL-format, 1:1-backed exposures to large U.S. names into permissionless rails and seeded collateral/LP use across Solana DeFi.

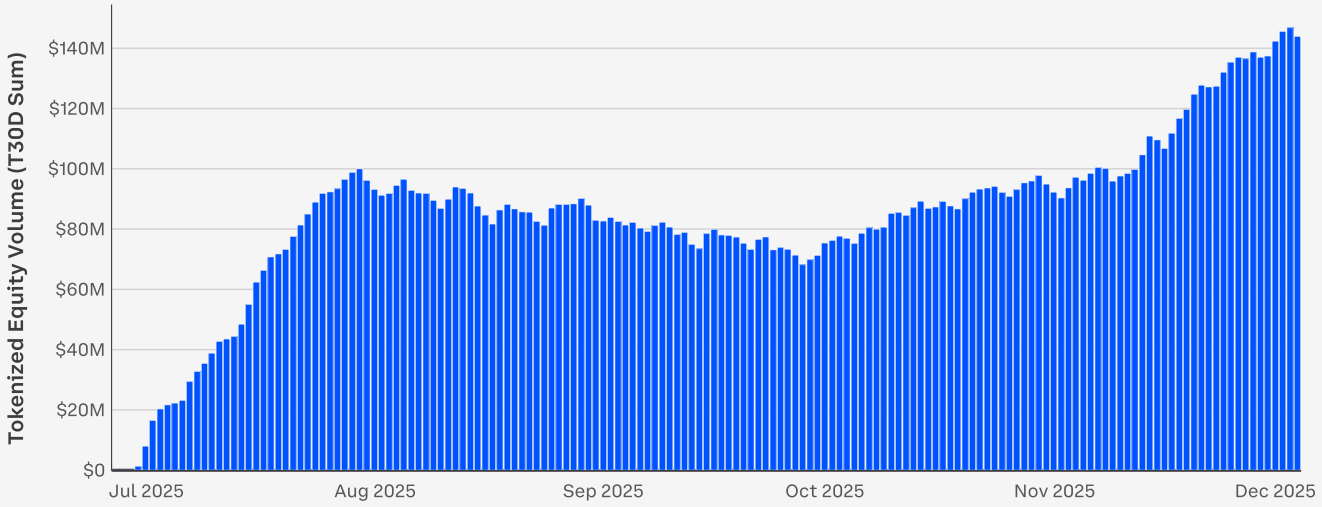
Together, we think these developments turned Solana's RWA stack into a genuine usage pillar that will continue to grow in 2026 and can keep blockspace demand and fee flow alive even when speculative volumes ebb.

Chart 32. SOL RWA Momentum



Sources: rwa.xyz and Coinbase

Chart 33. Tokenized equities volume on Solana



Sources: Blockworks and Coinbase.

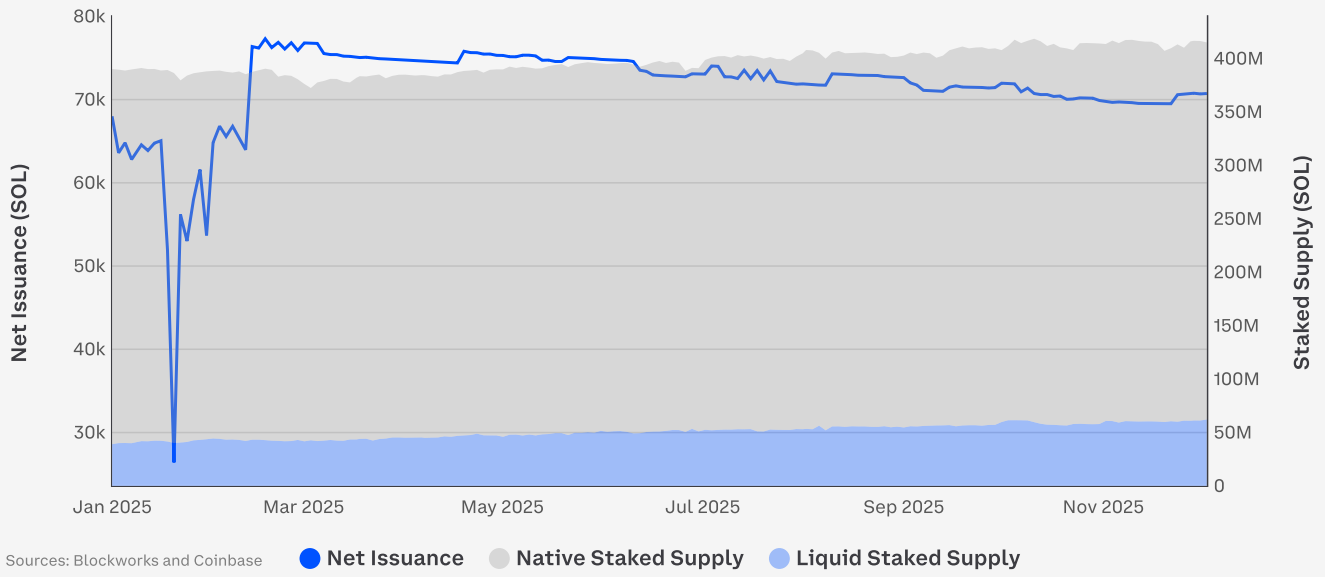
Inflation Implications

Despite new structural demand drivers emerging in 2025, supply concerns continued to be debated. In March 2025, the community voted down SIMD-0228, a proposal to replace the fixed 15% per year disinflation schedule with a dynamic, market-set issuance targeting around 50% staking. The vote drew record turnout (~75% of staked SOL participated) and strong support (the final approval share was ~61%), but failed to achieve the required 66.7% supermajority. As a result, the change did not pass. Proponents argued that Solana was overpaying for security with its current 68% staking ratio and that issuance should respond to market conditions. Opponents, particularly smaller validators, warned that a sharp reward cut could compress margins, accelerate centralization, and introduce earnings volatility.

With SIMD-0228 rejected, gross issuance followed the initial schedule. Partial 50% burns of priority and base fees provided offsets during congestion (particularly around the January 2025 launch of $TRUMP and $MELANIA), but net issuance otherwise largely followed a steadily declining, predictable curve.

If governance holds steady, headline inflation should decay again by another 15% in 2026. Strong economic throughput (e.g., priority fees, Jito MEV, etc) could lower effective issuance if we see another memecoin mania cycle and congestion increases. However, we think the probability of another memecoin cycle in 2026 is relatively low, absent a surge in global liquidity. The SIMD-0228 episode surfaced durable tensions but also opened room for milder reforms (e.g., accelerating the fixed curve or adding partial dynamic elements) that face less pushback. For example, in November 2025 we saw the introduction of SIMD-0411, which proposes doubling the disinflation rate from 15% to 30% to reach the 1.5% terminal rate by 2029 rather than 2032. In 2026, we expect similar proposals to continue emerging if SIMD-0411 faces rejection.

Chart 34. Net SOL issuance and staked supply breakdown



Sources: Blockworks and Coinbase

Looking Forward

Firedancer Upgrade

The Firedancer validator client is progressing toward full mainnet deployment throughout late 2025 and into 2026. The hybrid "Frankendancer" version is already operational on a growing portion of validators as of late 2025, including major operators like Figment. Firedancer represents one of the most significant additions to Solana's infrastructure since launch, focusing on performance, resilience, and client diversity. We expect full standalone adoption to accelerate in 2026. While not all benefits will impact SOL price immediately, several core improvements stand out as particularly transformative:

- **Extreme Throughput Optimization:** Firedancer has demonstrated over 1 million TPS in controlled tests through modular "tile"-based architecture and advanced networking techniques like QUIC protocol integration. This dramatically reduces bottlenecks in transaction processing and block propagation, enabling Solana to handle real-world peaks far beyond current levels without congestion-driven fee spikes.
- **Enhanced Network Resilience and Fault Tolerance:** Firedancer's multi-process tile model is designed to improve fault isolation and restart behavior, aiming to reduce downtime risk and speed recovery from partial outages. In parallel, SIMD-0307 would add a block footer with producer metadata such as timestamps and client identifiers, strengthening timing visibility and accountability for block production. Together, these efforts target a more transparent and robust validator stack, though real-world outage statistics will ultimately determine the impact.
- **Client Diversity for Security:** As an independent C/C++ implementation of the Solana validator, Firedancer reduces reliance on a single Rust codebase (Agave/Jito), lowering the risk that a bug in one client could halt the entire network.

Separately, protocol-level upgrades are being explored to complement Firedancer's capabilities. For example, alongside SIMD-0411 (mentioned earlier), SIMD-0286 proposes raising Solana's per-block compute ceiling from 60 million to 100 million compute units (a 66% increase). These changes aim to sustain low fees even under heavy load, support emerging use cases like high-frequency DeFi and real-time gaming, and to reduce validator costs without compromising Solana's parallel execution model or existing smart contracts.

Alpenglow Upgrade

The Alpenglow consensus overhaul, approved by validators in September 2025 with overwhelming support, is targeting testnet in late 2025 and mainnet activation in early 2026. It marks the most fundamental change to Solana's core protocol since inception, replacing Proof-of-History and Tower BFT (Byzantine Fault Tolerance) with a streamlined design focused on latency, efficiency, and robustness. While the exact rollout timeline depends on testing, key components promise to elevate Solana's performance:

- **Votor Consensus Mechanism:** This new voting protocol batches cryptographic proofs and eliminates redundant validator communication, potentially slashing block finality from ~12-13 seconds to 100-150 milliseconds. It aims to enable near-instant confirmations with cryptographic guarantees, unlocking applications requiring real-time settlement, like decentralized exchanges, prediction markets, and onchain gaming.
- **Rotor Data Propagation:** Replacing the multi-layered Turbine broadcast system, Rotor uses direct, efficient validator-to-validator relays for faster and more reliable transaction dissemination. This reduces bandwidth overhead and improves fault tolerance (the network can withstand up to 40% offline or malicious validators).
- **Validator Economics and Decentralization Boost:** By removing vote fees (potentially saving operators tens of thousands of dollars annually) and simplifying consensus, Alpenglow lowers barriers to entry. We expect this to reverse validator consolidation trends and strengthen network security over time.

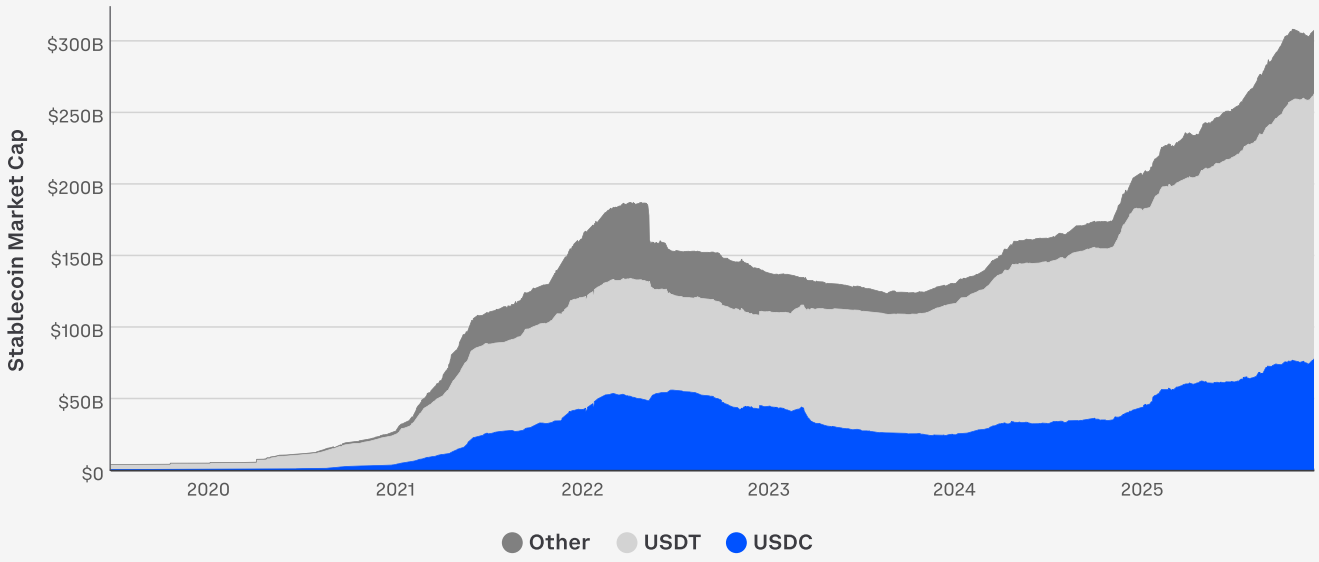
These changes could collectively position Solana as a more mature, institution-ready Layer 1—faster, cheaper to run, and more resilient—while preserving its parallel execution advantages and paving the way for broader adoption in payments, RWAs, and high-throughput consumer apps.

5 Stablecoins

How Big Can This Market Get?

At a compound annual growth rate of around 63% (since January 2021), the global stablecoin market cap exceeded $305B as of end-November 2025. Transaction volumes surged to $47.6T in 2025 YTD (through November 30), up from $22.8T over the same period in 2024, based on Allium and Visa data. In our view, the stablecoin market is at an inflection point, with its growth resting on key factors like efficient ramps, broad distribution networks, and the evolving roles of market players.

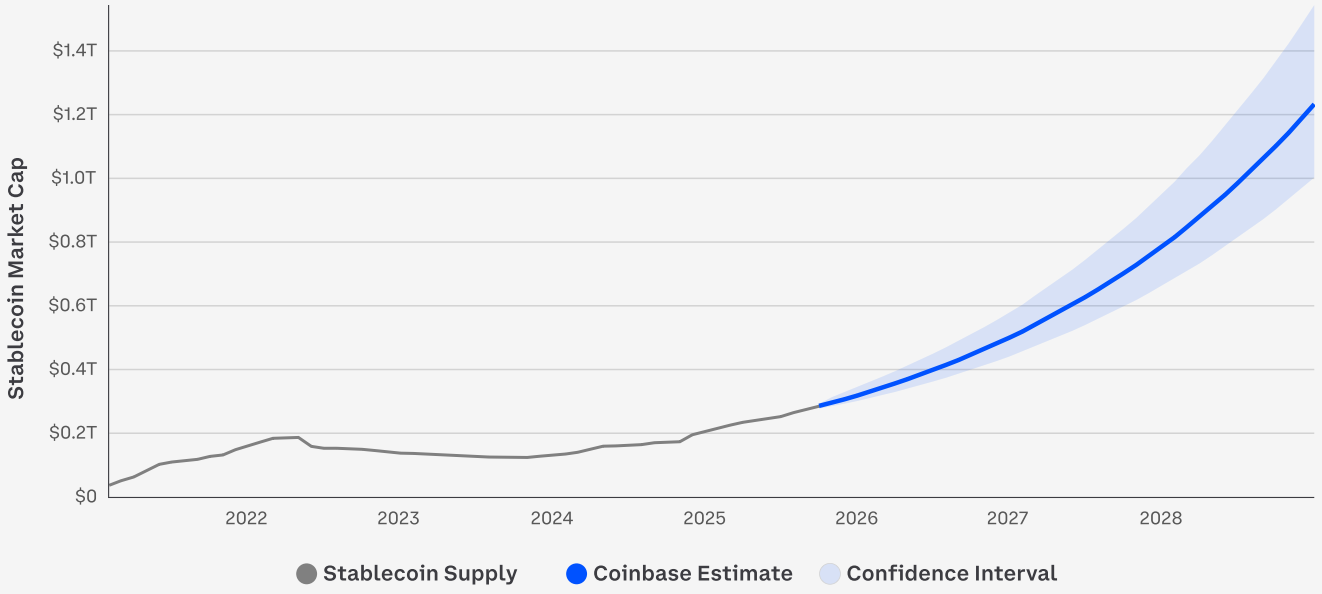
Chart 35. Stablecoins have had an compound annual growth rate of 65% since 2021



Sources: CoinMetrics, DeFiLlama, and Coinbase.

Looking ahead, future growth projections for how big the stablecoin market can become often rest on assumptions about the share of the global money supply that stablecoins could ultimately capture. We take a different approach. Our stochastic method—which runs thousands of Monte Carlo-style simulations with autoregressive modeling—indicates **stablecoins could reach a market cap range centered around $1.2T by the end of 2028 (see Chart 36).**

Chart 36. Model-based projection of stablecoin market cap growth



Sources: DefiLlama and Coinbase

To be clear, it's not feasible to model stablecoin growth dynamics perfectly due to the compounding effect of stablecoins' utility as more consumers and businesses use them. That leaves a lot of room for variability on analyst estimates. That is, there's still a data gap on real-world adoption patterns that make predicting the ultimate stablecoin market size challenging. Our weighted autoregressive, or AR(1), model puts more relevance on certain historical observations over others to capture both long-term and local temporal patterns:

- We estimate monthly growth using a simple AR(1) model on log supply, but we weight the post-2024 period more heavily to reflect a structurally better policy backdrop and accelerating adoption trends.
- We then run Monte Carlo simulations on **thousands** of forward paths by resampling recent growth shocks, which preserves the fatter-tailed, "crypto-style" noise we actually see, rather than assuming a neat bell curve.

Read our full report (published on August 21, 2025) for a better understanding of our methodology.

A Payments Story

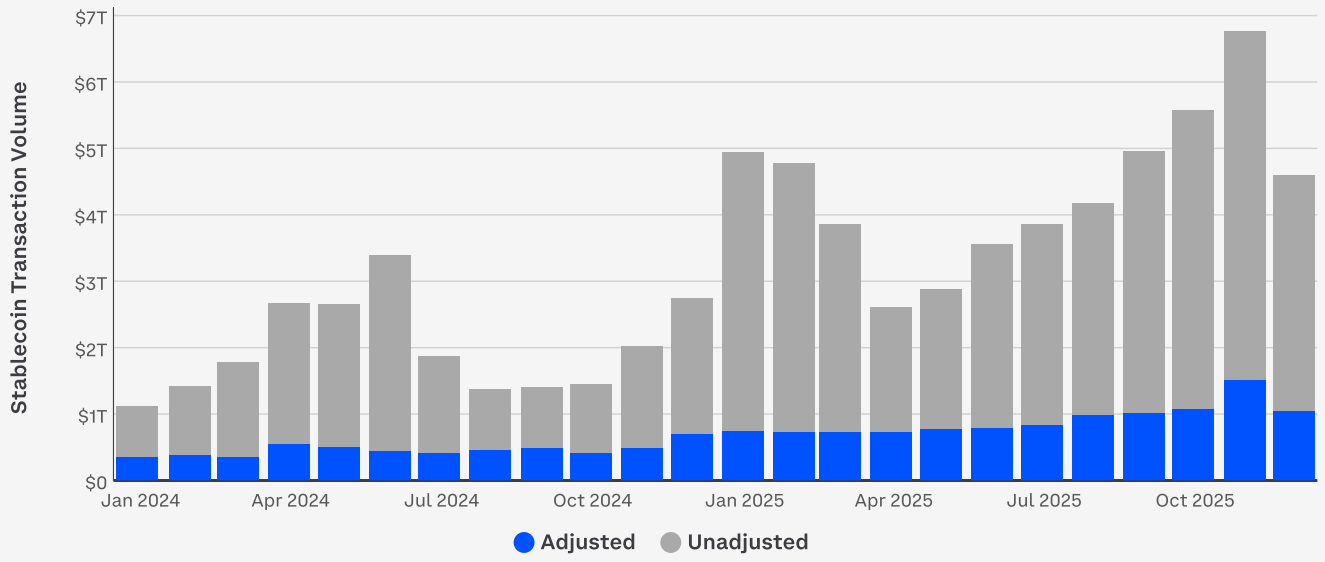
Meanwhile, over the last two years, stablecoins have shifted from a trading convenience to core financial plumbing, embedding programmable settlement into real commerce and market infrastructure. Their early days as a niche concept have been replaced by a utility that is rapidly becoming indispensable to the broader global financial system.

Payments are the tip of that spear.

Today, stablecoins' core value proposition centers on efficient, borderless, and low-cost value transfer. This functionality extends across numerous use cases, from cross-border remittances—where they bypass expensive correspondent banking networks—to enabling immediate business-to-business and peer-to-peer payments. Their rapid settlement speeds—often near-instantaneous and always significantly faster than traditional banking rails—make them ideal for high-frequency or time-sensitive financial activities.

In DeFi, stablecoins are the base asset for liquidity, risk transfer, and programmatic cash management, increasingly on regulated venues that preserve composability while meeting institutional controls. That same composability is what makes them powerful collateral inside tokenized economies: they unlock atomic delivery-vs-payment, reduce settlement windows, and tighten margin cycles, so capital turns faster and doesn't sit idle for T+2 days. As tokenized U.S. Treasuries, credit, and equities scale, stablecoins sit at the center of "collateral loops"—posted, rehypothecated, and settled in minutes, not days—supporting higher capital efficiency with clearer provenance and real-time attestations.

Chart 37. Stablecoin transaction volume (adjusted vs. unadjusted)



Sources: Allium, Visa, and Coinbase.

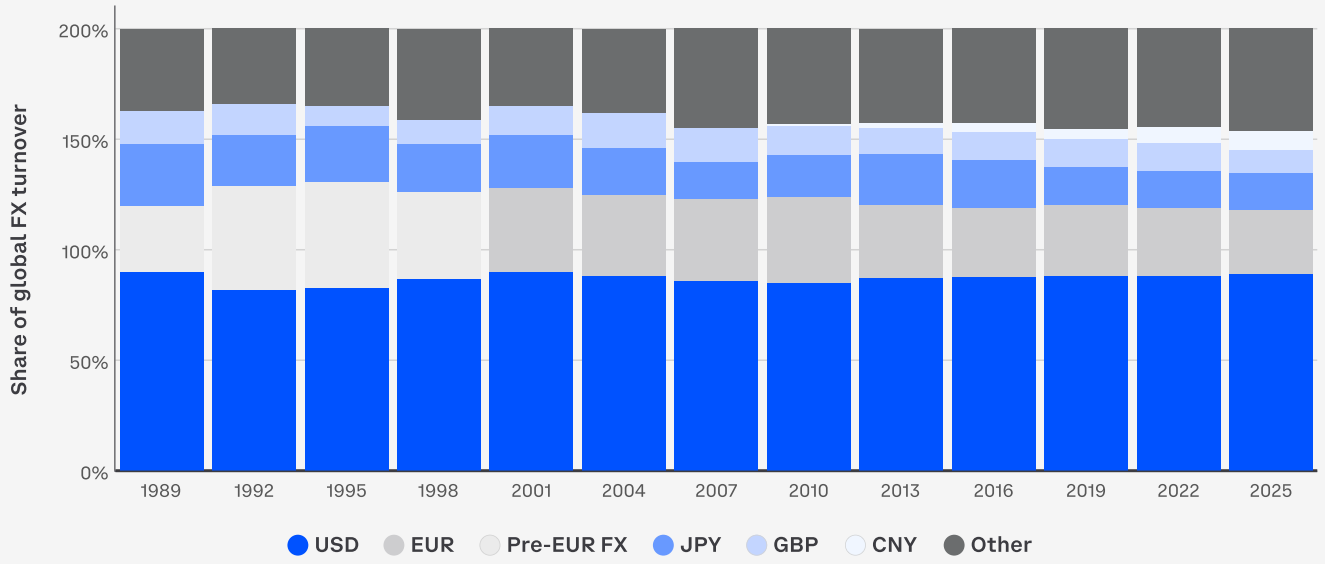
On the other end of the payments spectrum, the x402 protocol (alongside innovations like gasless transfers enabled by Ethereum standard ERC-3009) promises to unlock micropayments in the creator economy and machine-to-machine payments. The x402 protocol simplifies the online user experience significantly by prompting the user with price and payment details when any web content is requested. A smart wallet can then complete the transaction automatically—no forms, subscriptions, or redirects required. The result is a seamless consumer experience and a potential foundation for Agentic AI that can autonomously transact specific tasks instantaneously.

Broad adoption, however, depends on several coordinated efforts: establishing support across servers, browsers, and payment rails; implementing strong wallet protections against unauthorized transactions; and providing users with clear controls and spending limits. If these hurdles are met, x402 could become the first step towards frictionless, on-demand digital commerce, unlocking new models for microtransactions and agent-to-agent interactions online.

What Disruption Looks Like

A significant question moving into 2026 is the interplay between the rise of stablecoins and the ongoing, accelerated trend of de-dollarization. The de-dollarization trend, which gained significant traction in 2025 with the pick up in indiscriminate USD selling by large foreign institutions, should be a tailwind for decentralized crypto assets—most notably bitcoin—as global actors seek alternatives to the USD-centric financial system.

Chart 38. Share of global FX transactions (turnover) by currency



Sources: BIS Triennial Survey 2025 and Coinbase. (Because every transaction involves two currencies, the sum of foreign exchange turnover each year is 200%)

However, the proliferation of stablecoins, particularly those pegged to the U.S. dollar, introduces a layer of complexity to that thesis. Some hypothesize that USD-pegged stablecoins could inadvertently cement the dollar's dominance by providing a more efficient, crossborder, and cryptographically secure means of transaction and settlement. This would, effectively, defer or slow the broader de-dollarization trend and perversely work against broader crypto adoption.

Our analysis suggests this deferral is unlikely to materialize into a long-term reversal of the de-dollarization trend. While it is true that the vast majority of stablecoins in circulation today are pegged to the USD, potentially representing a temporary extension of the dollar's reach, the stablecoin ecosystem is already evolving beyond its initial USD-centric focus. A new wave of stablecoins is emerging, explicitly designed to be pegged to other sovereign and basket currencies, including the EUR and the JPY, and even experimental baskets of fiat currencies or commodities. This diversification signals a fundamental demand for non-USD denominated digital reserve and transaction assets.

Moreover, while stablecoins facilitate a more efficient, permissionless rail for accessing USD liquidity, this is distinct from generating new demand for the dollar. The underlying economic desire to hold and use the USD—as a store of value, a unit of account, or a medium of exchange—already mostly exists in emerging market countries, driven by factors such as macroeconomic instability, hyperinflation, or a lack of trust in domestic financial institutions. Stablecoins primarily serve to enhance the accessibility of an existing preference to utilize the USD for economic security. In other words, they act as a digital layer on top of the existing dollar demand, not a catalyst that fundamentally shifts demand away from assets like bitcoin.

6 Tokenization

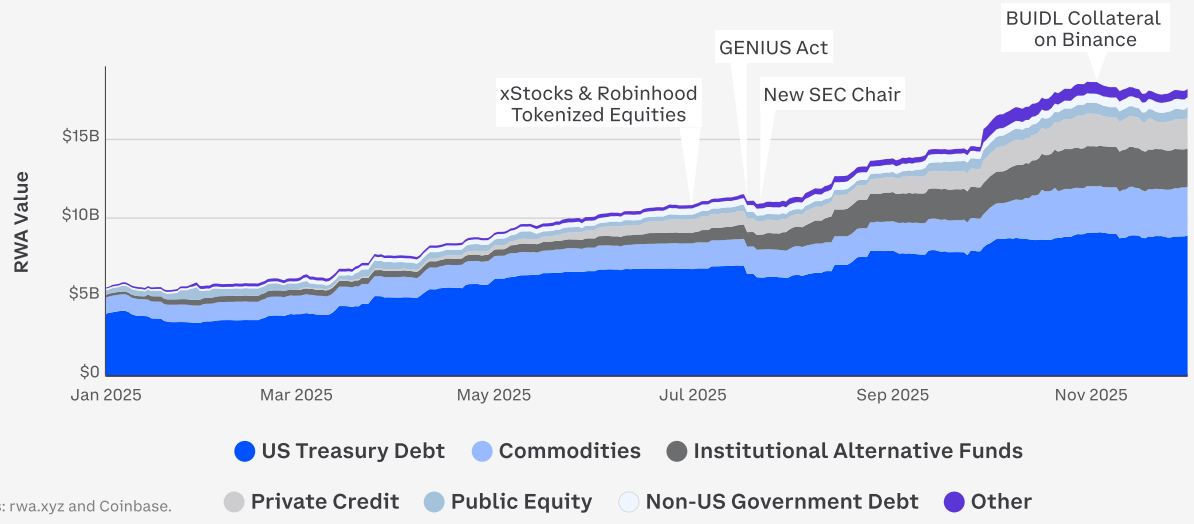
Major Trends

The tokenization of real-world assets (RWAs) has shifted from a fringe experiment to a structural theme in global markets. Excluding stablecoins, "distributed" RWAs now account for roughly $18B in value, up about 18x since 2022. Here, "distributed" refers specifically to tokenized assets that can be withdrawn to self-custodial wallets and transferred freely between wallets on public blockchains. Under this definition, the landscape is dominated by tokenized U.S. Treasuries, with smaller but growing footholds in commodities, alternative investment funds, private credit, and equities.

However, this framing notably excludes large platforms like Figure, which do not always support wallet-level portability. If these were included, private credit would screen as the largest category of RWAs overall. In our view, the onchain RWA footprint remains small relative to the total addressable market (TAM), as there is still substantial room for growth and meaningful upside from new product innovations. Such innovations offer a unique opportunity to serve populations that are currently underserved or entirely unserved by traditional financial institutions.

Regulation has been a key driver for adoption. In the U.S., the enactment of the GENIUS Act in 2025, combined with a more openly constructive SEC under Chair Paul Atkins, has started to define a federal framework for digital asset securities and tokenized financial products. In Europe, MiCA and its distributed ledger technology (DLT) pilot regime give issuers and venues a clear path to operate within existing securities law. Across Asia and the Middle East, initiatives like Singapore's Project Guardian and the UAE's VARA regime are establishing multiple regional hubs for tokenization. The result is that tokenization is being absorbed into existing regulatory perimeters, not being left outside them.

Chart 39. Total "distributed" RWA value by asset type



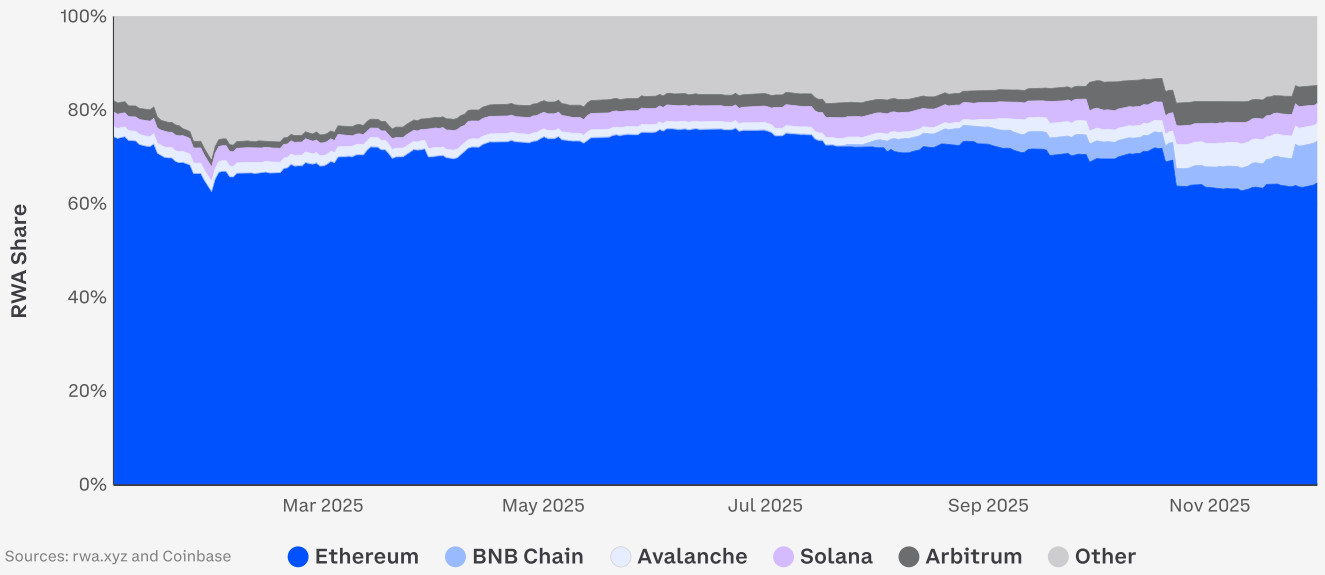
Sources: rwa.xyz and Coinbase.

Institutional adoption is following that legal clarity. BlackRock's BUIDL tokenized money market fund and Franklin Templeton's onchain money market products have become core building blocks, with BUIDL alone exceeding $2B in total asset value, representing ~25% of all tokenized U.S. Treasuries. Banks and asset managers (from JPMorgan's Kinexys platform to UBS, Apollo, and others) have already deployed tokenized funds, bonds, deposits, and private credit with total assets onchain increasing throughout 2025.

Network-wise, the market has largely coalesced around Ethereum (L1 and L2s) as the primary settlement layer for institutional RWAs. That said, late 2025 marked a clear shift toward a more multi-chain footprint, as capital began to disperse across other ecosystems:

1. Solana gained share on the back of allocations from BUIDL, other institutional funds, and tokenized equity issuers
2. Avalanche attracted flows from BUIDL and the Janus Henderson CLO fund
3. Polygon saw meaningful allocations from BUIDL and JusToken's commodity products
4. BNB Chain became a key venue for Circle's USYC money market fund

Chart 40. "Distributed" RWA market share by chain



Looking ahead to 2026, we think it's clear that RWAs are becoming a third pillar of digital assets alongside stablecoins and "pure crypto" (BTC, ETH, DeFi, etc.). Importantly, RWA flows have so far been uncorrelated with "pure crypto" performance.

- For conservative capital, tokenized U.S. Treasuries and money market funds offer "onchain cash" with transparent yield.
- For alternative allocators, tokenized private credit and real estate offer higher yields with programmable covenants.
- For growth-oriented investors, tokenized equities and niche assets provide a bridge from traditional risk assets to DeFi composability.

Tokenized Equities

Tokenized equities sit at the intersection of public markets and DeFi, but they remain small in absolute size relative to other RWA categories. Conceptually, tokenized equities are blockchain-based instruments that represent exposure to traditional stocks or stock funds. Structurally, they fall into two broad buckets:

1. **Full security tokens**, where the token represents a legal claim on the underlying security held by a regulated custodian, usually within a fund, trust, special purpose vehicle (SPV) structure. These may carry dividend and voting rights, and they are clearly treated as securities.
2. **Synthetic or derivative tokens**, which track the price of a stock or ETF via derivatives but do not confer legal ownership or governance rights.

The current regulatory trend strongly favors true tokenized securities over unregulated synthetics. Under the emerging U.S. and EU frameworks, tokens representing stock exposure are generally expected to be issued 1:1 against underlying assets, with full disclosure and transfer restrictions appropriate for securities. Within those constraints, however, the trading experience in DeFi hinges on design, and 2025 saw two distinct operating models emerge.

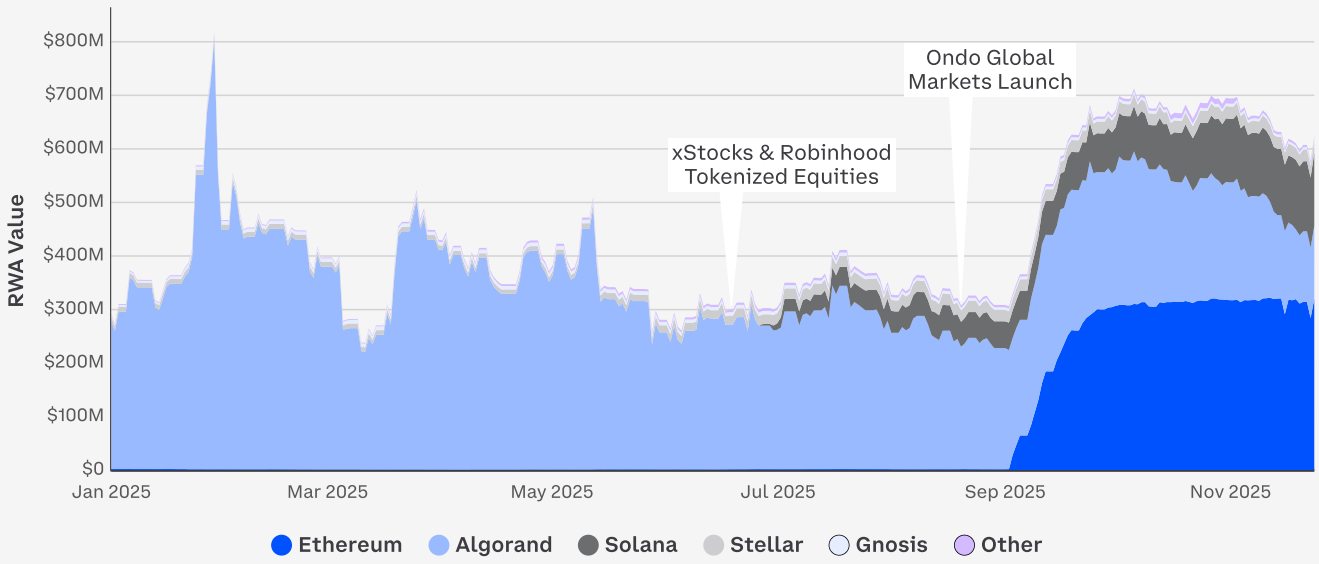
1. In a **Walled Garden Model**, compliance is embedded directly at the token layer. Here, token contracts are "allow-listed" and tied to KYC-verified wallets, or kept non-transferable off-platform, so that non-verified persons (including U.S. persons) are technologically gated from access. Ondo, for example, gates certain RWA tokens via onchain allowlists and KYC-linked wallet eligibility, enforcing transfer restrictions onchain. Dinari similarly requires verified wallets and screens jurisdictions before granting access, and Robinhood EU's tokenized stocks are kept non-transferable to remain within its regulatory perimeter. This approach shows that blockchain rails can enforce the strictest compliance constraints by design through white-listing and having platform-constrained transfer rules.
2. In a **Freely Transferable Model**, the instrument is still issued only to KYC-verified users, but once minted it can move freely onchain and be used as collateral across protocols. Kraken's xStocks, issued by Backed Finance as Solana-native tokens, are withdrawable to self-custody and usable across DeFi while remaining unavailable to U.S. persons at the primary interface. Here, compliance relies more on perimeter controls and secondary-market surveillance than on hard token-level transfer locks.

The contrast between these models highlights foundational industry debates around transferability and access.

Several 2025 developments set the stage for a more meaningful tokenized equity market in 2026:

- Retail exchanges embraced tokenized stocks. Robinhood launched hundreds of tokenized U.S. stocks and ETFs, settled onchain on Arbitrum, and accessible from familiar brokerage interfaces. This was the first clear example of a mainstream brokerage distributing tokenized equities at scale to non-U.S. retail users.
- Crypto exchanges listed tokenized blue-chips. Exchanges like Kraken and Bybit have listed tokenized U.S. blue-chip stocks, issued by Backed Finance as Solana-native tokens. This creates a structure where a regulated token issuer, a high-performance L1, and a centralized orderbook interlock to offer stock exposure with DeFi composability underneath, following the Freely Transferable Model.
- Infrastructure institutions piloted tokenized-equity settlement. Nasdaq, DTCC, and large custodians have expanded DLT-based pilots, focusing on faster settlement, collateral mobility, and netting, rather than direct retail trading. The priority is to reduce frictions (e.g., settlement risk, collateral fragmentation) rather than to replace existing equity exchanges.
- Large U.S. players, including Coinbase, have sought explicit SEC pathways. This signals that tokenized equities are a strategic priority and a point of regulatory discussion. The industry-wide and U.S. focused engagement on RWA tokenization reflects strong interest in potentially integrating these offerings, which would further democratize access for a global user base, if approved.

Chart 41. Tokenized equity value by chain



Sources: rwa.xyz and Coinbase.

Despite these developments, the scale is still modest. Tokenized public equities (stocks and equity funds) are still under $1B, versus ~$28B for tokenized Treasuries and private credit. But we think the strategic importance is high. Moves by traditional players like Nasdaq into DLT-based equity settlement, combined with keen interest from crypto-native firms like Coinbase, underscore a clear trajectory: tokenized RWAs, particularly equities, are on a path to widespread adoption. This convergence of traditional finance and decentralized technology holds the potential to reshape investment strategies, enable fractional ownership in blue-chip names, enhance liquidity for cross-border investors, and unlock new avenues for capital formation.

From a utility perspective, tokenized equities offer three core advantages:

a. **Settlement delays**: moving from T+1 to near-instant atomic delivery-vs-payment on a shared ledger can reduce counterparty risk, margin requirements, and settlement failures.
b. **Intermediation costs**: in private and cross-border equity markets, where multiple intermediaries add cost and complexity, tokenization compresses parts of the stack.
c. **Pre-IPO access**: by tokenizing exposure to late-stage private companies (such as OpenAI and SpaceX), platforms like Robinhood and Republic are offering retail users pre-IPO exposure to a private market that used to be exclusively limited to accredited investors and institutions.

At the same time, new risks appear:

- **Market depth risk**: Orderbooks for tokenized stocks remain thin. Slippage and volatility can be significantly higher than in the underlying equity markets, especially during post-market hours or under stressed market conditions.
- **Oracle risk**: Off-chain prices (e.g., AAPL on NASDAQ) must be brought onchain via oracles. Errors, lags, or manipulations can break the economic equivalence between token and underlying collateral.
- **Regulatory fragmentation**: Different jurisdictions impose different rules on who can own what and how secondary transfers work. Even with the new regulatory clarity, cross-border distribution remains complex, and the choice between Walled Garden and Freely Transferable token designs adds another dimension to that fragmentation.

Looking into 2026, we think a reasonable base case is that tokenized equities remain a small but rapidly expanding slice of the RWA landscape. The pace of that growth will likely hinge on (1) whether U.S. regulators approve tokenized equity listings for U.S. investors and (2) which design model they adopt. If a Freely Transferable model is permitted, tokenized stocks could circulate across DeFi, serving as collateral in lending markets, underlying assets in structured notes, and core components of onchain portfolio construction, rather than just a new trading venue for the same exposure. Otherwise, with today's relatively thin tokenized-equity order books, the benefits of extended trading hours do not yet offset the negatives of lower depth and higher friction.

Dominant Asset Types for Tokenization

While tokenized equities received disproportionate attention in 2025, the bulk of tokenized value resides in other asset classes.

U.S. Treasuries

Tokenized U.S. Treasuries more than doubled its total asset value in 2025. This growth was driven primarily by a handful of institutional-grade issuers and wrappers that packaged short-duration sovereign exposure into tokens with daily yield accrual.

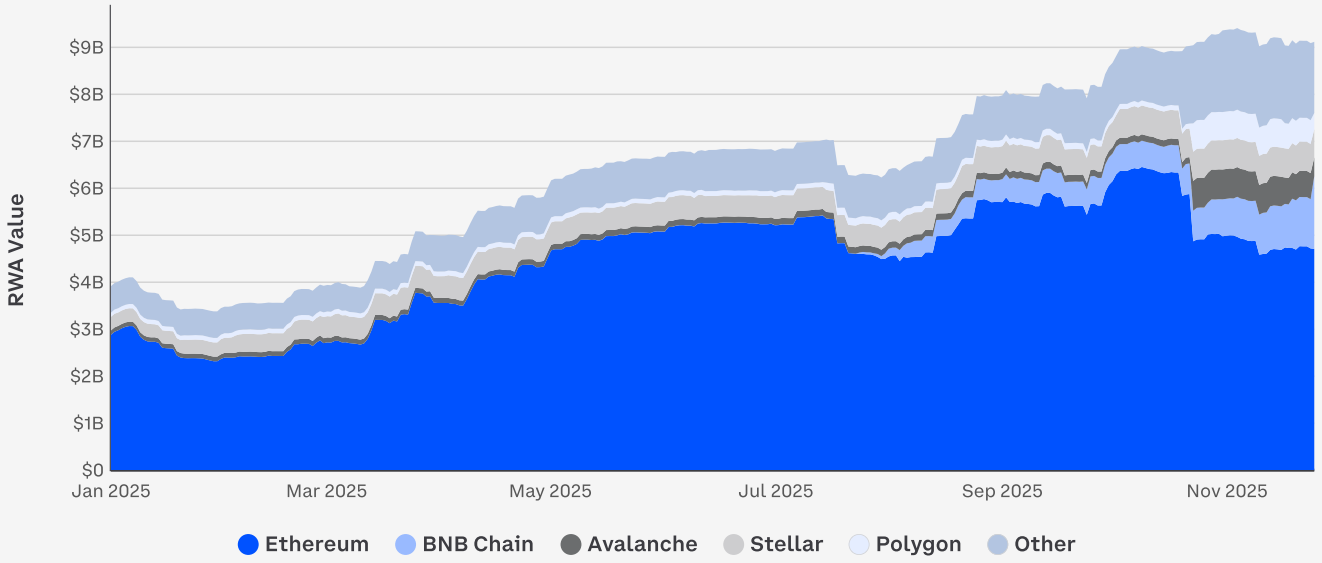
BlackRock's BUIDL fund, issued via Securitize, is now one of the largest individual RWA protocols, with several billion dollars tokenized and distributed across a few chains. Additionally, Ondo Finance's products (such as OUSG and related wrappers) give investors tokenized access to short-term Treasury exposure and are increasingly integrated into both DeFi protocols and institutional platforms. Collectively, these products have turned tokenized Treasuries into a core building block for institutional onchain strategies.

We think tokenized U.S. Treasuries matter for two primary reasons:

1. **They are becoming base collateral for the onchain system.** As more lending protocols, derivatives venues, and institutional platforms accept tokenized Treasuries as collateral, these tokens begin to function more like foundational collateral, similar to how T-bills underpin traditional money markets. Increasingly, a token like BUIDL or OUSG can sit at the core of a strategy: posted as margin, rehypothecated in structured products, or used as a reserve asset in stablecoin or credit protocols.
2. **Liquidity and access are structurally better than traditional wrappers.** Tokenized T-bill and money-market products trade 24/7, settle near-instantaneously onchain, and can be moved between venues with a simple onchain transfer instead of wires, cut-off times, or T+1 fund settlement. That makes it much easier for investors to rebalance or rotate between strategies without parking cash in non-yielding stablecoins.

For 2026, we think that tokenized Treasuries are likely to remain the core entry point for traditional money moving onchain. They offer a relatively low-volatility, high-clarity instrument that offers diversified returns from BTC, ETH, or SOL, yet can sit alongside those assets in onchain wallets and DeFi protocols.

Chart 42. Tokenized Treasuries total asset value by chain



Sources: rwa.xyz and Coinbase.

Commodities

Tokenized commodities tripled in total asset value in 2025, bringing traditional real assets like gold, silver, base metals, and agricultural products onto blockchain rails. Structures range from fully backed, redeemable 1:1 tokens (where each token corresponds to a specific bar or inventory unit in a regulated vault) to fund- or ETF-style wrappers that track spot or futures prices without conveying direct title to the underlying.

Gold was the clear leader in 2025, driven by its parabolic price action. Tokens such as PAX Gold and Tether Gold now account for the bulk of tokenized commodities by value, with a combined market cap of ~$3B. Each token typically represents one troy ounce of Good Delivery gold stored at institutional vaults, with onchain ownership and redemption options above a minimum size. These instruments have generally tracked spot gold closely, occasionally trading at modest premiums or discounts that reflect mint/redeem fees and crypto liquidity conditions, rather than persistent mispricing. Several European banks and asset managers have also piloted tokenized gold notes and structured products, extending gold tokens into regulated fixed-income wrappers.

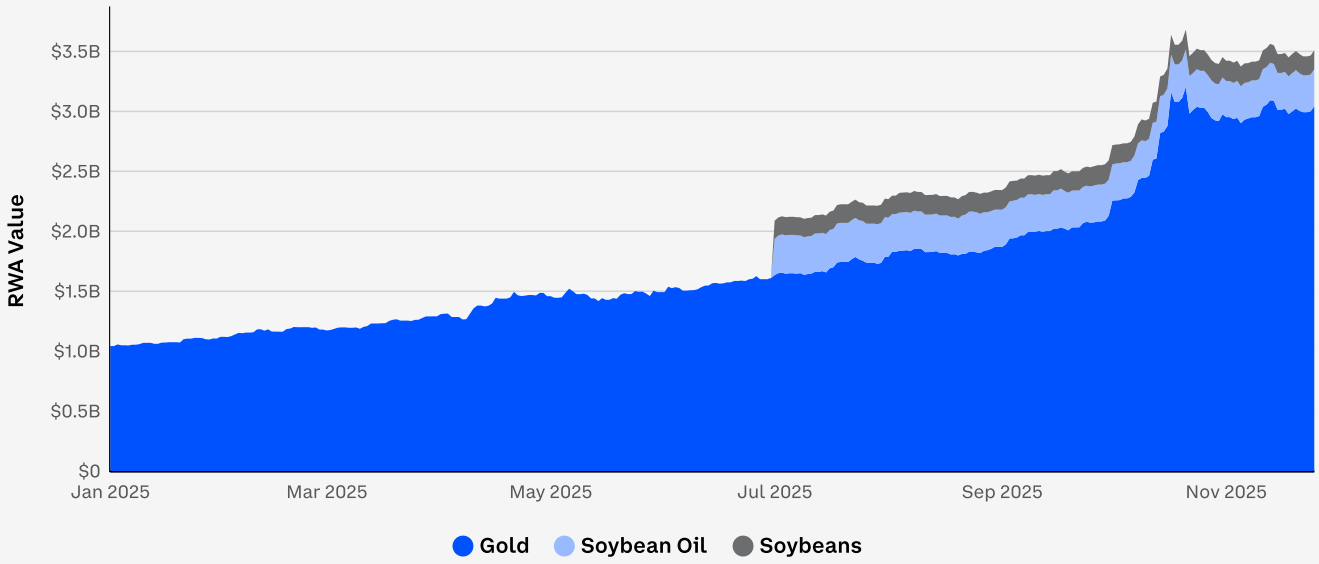
Industrial and agricultural commodities are at an earlier stage, but their growth in 2025 illustrates the structural potential. Growth in this segment was driven by JusToken (formerly Agrotoken), which has emerged as the top agricultural-commodity tokenization platform globally by market cap. Initially built around Latin American agriculture, JusToken issues tokens such as JSOY_OIL (soybean oil), JSOY (soybeans), JCOT (cotton), and JCORN (corn), that represent claims on specific physical commodities held and monitored within its network. Together, these funds account for ~$500M in onchain value and represent a significant share of the tokenized activity on Polygon.

Economically, JusToken shows how tokenization can turn silo receipts and export flows into programmable collateral: farmers and agribusinesses can convert production into onchain assets, use them to secure short-term financing, or tap new investor bases that previously had no practical way to take granular exposure to agricultural commodities.

We expect commodity tokenization to increase in 2026 due to a few structural advantages:

1. Tokenization centralizes storage, insurance, and verification with professional custodians, while placing proofs and audits onchain—lowering the effective transaction costs for end-investors.
2. Spot-backed tokens remove the need to roll futures and help avoid basis risk for long-horizon holders.
3. Programmable DvP reduces settlement and counterparty risk in markets that still rely heavily on bespoke OTC arrangements.
4. Tokenized commodities provide a way to hold real-asset exposure and inflation hedges while also offering collateral use across a broader range of onchain strategies.

Chart 43. Commodities total asset value



Sources: rwa.xyz and Coinbase.

Private Credit

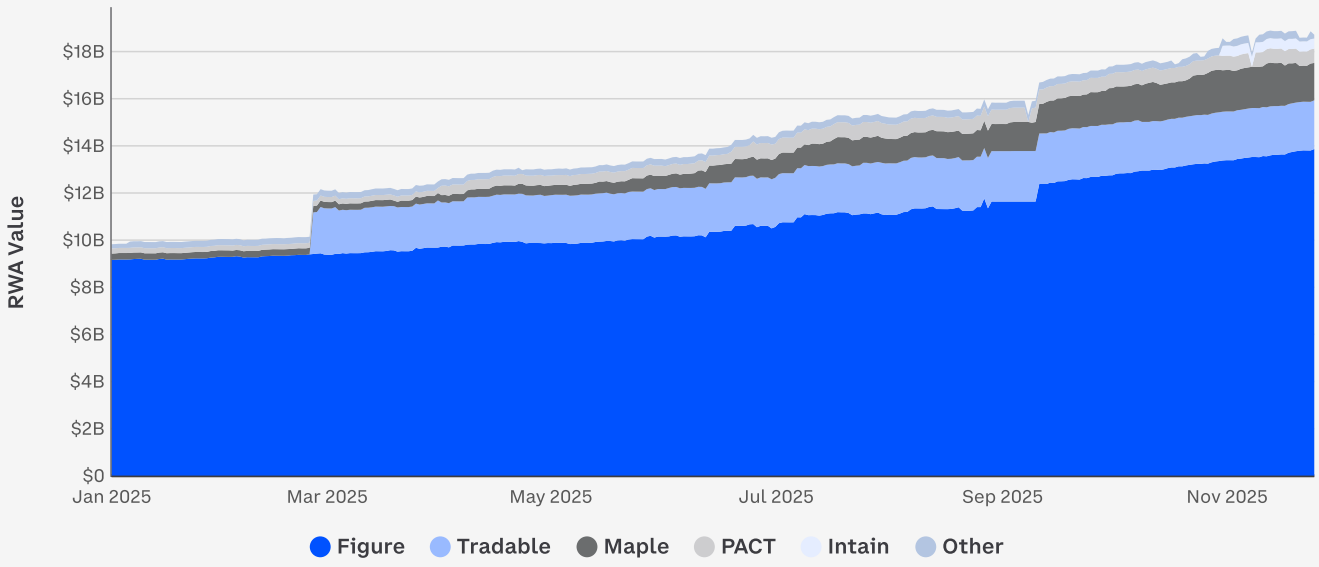
Private credit is currently the largest RWA category on the blockchain, constituting ~$19B of active loans. Platforms like Figure (with ~$14B of active loans on the Provenance blockchain), have demonstrated that onchain loan registers and securitizations can meaningfully reduce costs and settlement times.

Tokenization addresses several pain points in credit markets:

- **Information asymmetry:** onchain loan details, real-time performance metrics, and standardized covenants make it easier for investors to assess loan pools.
- **Adverse selection:** better borrower data and automated covenant enforcement can, in theory, support more efficient risk-based pricing.
- **Settlement friction:** onchain representation of loan interests allows faster securitization, repo, and collateral re-use.

In 2026, we think tokenized private credit will likely remain a primary driver of RWA growth. Institutional allocators seeking incremental yield over Treasuries, but wary of DeFi-native leverage loops after October 10's liquidation event, may increasingly use tokenized credit to access diversified, collateralized loan exposure with transparent onchain reporting.

Chart 44. Private credit active loans value



Sources: rwa.xyz and Coinbase.

7 Regulation

Massive U.S. Progress

The U.S. made significant strides in pro-crypto regulation in 2025, with the GENIUS Act establishing a regulatory framework for USD stablecoin issuers and becoming the first federal digital asset legislation signed into law. Additionally, the CLARITY Act, which outlines a market structure for digital assets, passed the House of Representatives and is now moving through the U.S. Senate. Both bills have garnered strong bipartisan support, highlighting the broad appeal of crypto in Washington and reinforcing U.S. leadership in digital finance.

Executive agencies like the Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC) have also made significant strides this year. SEC Chair Paul Atkins launched Project Crypto, directing staff to draft clear guidelines for determining when crypto assets are securities, modernize custody requirements, and create innovation exemptions for new business models. The SEC also approved generic listing standards for certain spot commodity exchange-traded products, shortening the maximum approval schedule for ETFs from 270 days to 75 days.

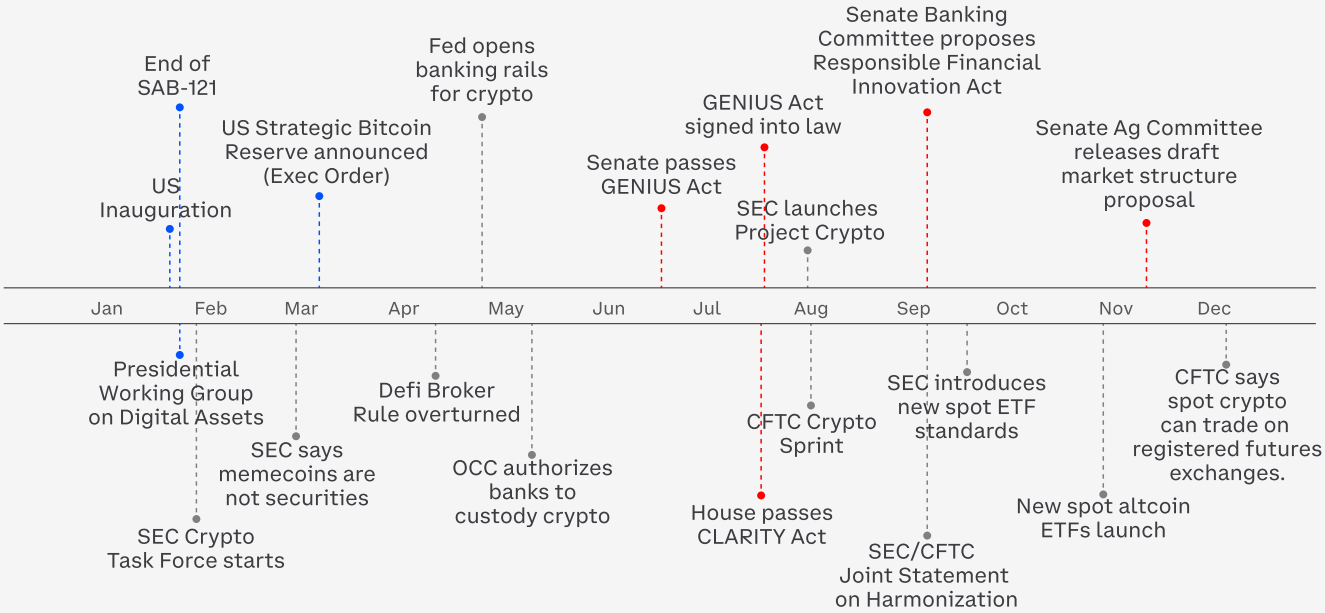
Chart 45. U.S. crypto legislation works as unified bloc

The CFTC mirrored this momentum with a "Listed Spot Crypto Trading Initiative" which allows designated contract markets (DCMs) and national securities exchanges to list leveraged, margined, or financed spot crypto contracts – ending years of regulatory ambiguity. The CFTC also launched a "Tokenized Collateral and Stablecoins Initiative," seeking public input on using tokenized products—including payment stablecoins and tokenized money market funds—as eligible collateral in derivatives markets.

These recent U.S. developments represent a potential shift for crypto's market structure, product design, and institutional readiness. Regulatory advancements now have immediate operational implications and medium-term opportunities, moving beyond abstract policy discussions. We believe this could usher in the most transformative period to date in digital asset policy— directly impacting custody, liquidity, and compliance workflows across the institutional stack.

Looking beyond the U.S., we think this domestic policy shift could serve as a reference point for international regulators. Such cross-border diffusion may foster greater harmonization and predictability, creating clearer paths for product expansion and institutional adoption while narrowing fragmentation risks for global platforms and clients.

Chart 46. 2025 U.S. crypto policy timeline



Source: Coinbase

MiCA Fully Operational in Europe

Accelerating policy momentum was not limited to the U.S. In Europe, the Markets in Crypto-Assets Regulation (MiCA) has solidified its role as the cornerstone of regulatory clarity, after becoming fully operational in December 2024. However, some Member States are applying national grandfathering regimes until June 2026, allowing existing firms to continue operating under transitional arrangements while seeking full MiCA authorisation.

Indeed, Coinbase secured its MiCA licence from the Luxembourg Commission de Surveillance du Secteur Financier (CSSF), enabling us to offer our full suite of crypto products to all 27 EU Member States. This milestone marked a significant step that enables us to operate under a unified, regulated crypto environment in one of the largest economic regions in the world, while solidifying Coinbase's position as a global leader in regulatory compliance and innovation.

While the European Central Bank (ECB) has consistently pushed back against stablecoins and advanced preparations for a potential digital euro, EU policymakers have taken a more pragmatic approach, particularly toward euro-denominated stablecoins, balancing innovation with financial stability and consumer protection.

Overall, 2025 marked a maturation phase for both Europe and MiCA, and looking ahead to 2026, Europe's crypto landscape promises even greater institutional integration and transparency. Expect mandatory data-sharing for crypto providers under DAC8 (the taxation directive) starting in January, strengthening fiscal oversight across the EU.

In 2026, the EU is expected to launch its MiCA review, potentially aligning its framework with evolving U.S. and UK crypto regimes, and reflecting broader international regulatory developments.

Rapid Rulemaking in the Middle East and North Africa

The Middle East and North Africa region has undergone a profound transformation in crypto regulation in recent years, with the United Arab Emirates (UAE) and its Gulf neighbors establishing themselves as global leaders in digital asset governance.

The UAE has dominated headlines with what may be the most ambitious regulatory sprint in crypto history. Dubai's Virtual Assets Regulatory Authority (VARA) finalized its stablecoin and real-world asset issuance rules in May 2025, requiring Category 1 licenses for any fiat-referenced or asset-referenced virtual assets (FRVAs and ARVAs). The Central Bank of UAE's Payment Token Services Regulations (established in July 2024) became fully enforceable in August 2025, mandating that all merchants outside free zones accept only licensed Dirham Payment Tokens backed 1:1 with fiat reserves—effectively banning algorithmic stablecoins nationwide.

Beyond the UAE, regulatory progress across the Gulf has been uneven but directionally positive. The Central Bank of Bahrain (CBB) introduced a dedicated Stablecoin Rulebook in July 2025, permitting USD-backed stablecoins but requiring 1:1 reserve backing, daily reconciliations, and audited financial statements. Meanwhile, the CBB has licensed major regional players, with many firms currently in advanced licensing discussions.

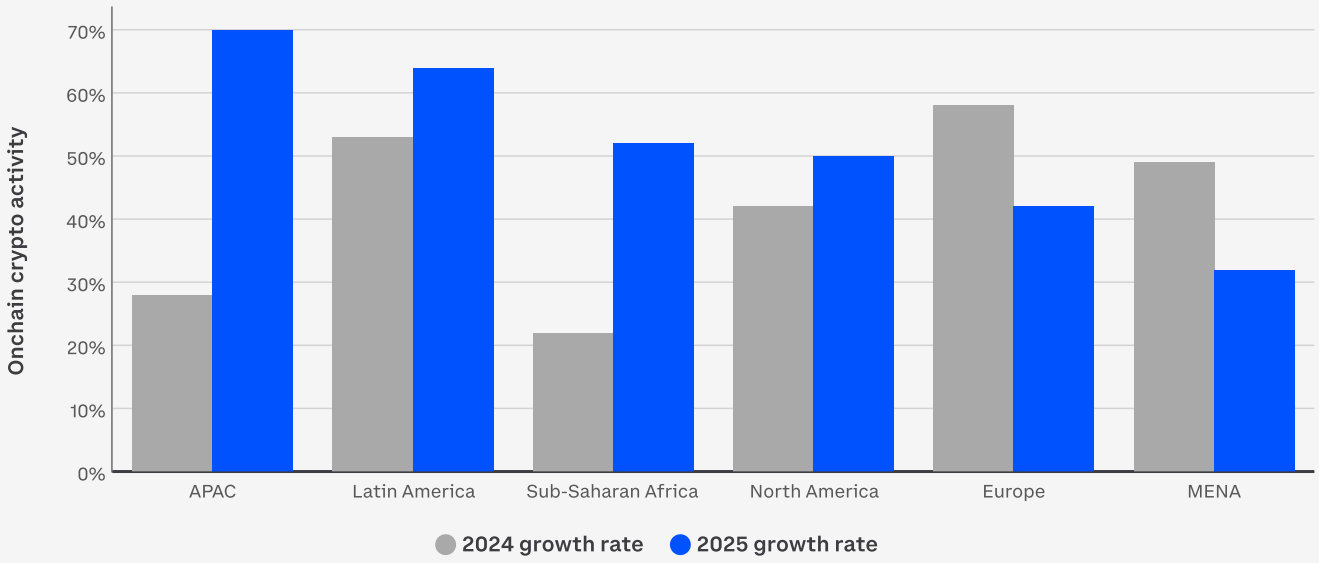
In 2024, Qatar, which had previously taken a more conservative stance on digital assets, surprised markets when the Qatar Financial Center Authority (QFCA) and Qatar Financial Center Regulatory Authority (QFCRA) launched the Digital Assets Framework. This established token generation, custody, and validation services for the Qatar Financial Centre (QFC) while maintaining its ban on retail crypto trading. The framework explicitly recognizes smart contracts and tokenization, with expectations that stablecoin provisions will follow as regulations mature into 2026.

Saudi Arabia maintains a cautious but evolving posture towards crypto—digital assets are not considered legal tender and remain effectively prohibited for institutional use, despite wholesale CBDC pilots with the UAE and its mBridge participation. But the Saudi Arabian Monetary Authority (SAMA) is monitoring cryptocurrency transactions to maintain investor protection without stifling innovation. Finally, Oman has begun requiring virtual asset service provider (VASP) registration under FSA Decision E/35/2023, though the central bank still refuses to recognize crypto as legal tender.

Asia's Regulatory Leap

In recent years, Asia has emerged as a fascinating regulatory sandbox for crypto markets, with major financial centers implementing distinct frameworks that could shape the region's digital asset landscape for years to come. We think the emerging regulatory fragmentation may create distinct competitive dynamics in the region, allowing different countries to capture specific segments of the global crypto economy. Chainalysis reported that onchain crypto activity in the APAC region experienced a massive 69% YoY surge in the 12 months leading up to June 2025, making it the world's fastest-growing region for crypto adoption.

Chart 47. Asia was the fastest growing region for onchain crypto activity



Based on data from July 2024 to June 2025. Source: Chainalysis.

Hong Kong doubled down on its ambition to become Asia's digital asset hub by launching its stablecoin licensing regime in August 2025 under the comprehensive LEAP framework. (LEAP is an acronym for the four strategic pillars guiding Hong Kong's crypto plans: legal and regulatory streamlining, expanding tokenized products, advancing use cases, and people and partnership development.) While the Hong Kong Monetary Authority (HKMA) set stringent requirements for stablecoin issuers—including HK$25M minimum capital, full reserve backing, and one-day redemption—to ensure only highly capitalized issuers enter the market, the region simultaneously tightened custody standards for licensed exchanges and expanded its vision for tokenizing real-world assets including government bonds, ETFs, and infrastructure.

The Monetary Authority of Singapore (MAS) has implemented new regulations that change how businesses and merchants utilize digital assets for payments and commerce within the country, but it clarified that its regulatory tightening was about closing loopholes, not changing policy. Indeed, the new Financial Services and Markets Act provisions took effect on June 30, 2025, requiring even offshore-serving crypto firms incorporated in Singapore to obtain licenses—a move designed to address cross-border money laundering risks, rather than stifle innovation.

South Korea introduced its landmark "General Act on Digital Assets" to the National Assembly in June 2025. The Act establishes a comprehensive licensing framework for all virtual asset service providers, which includes minimum capital thresholds of KRW 500M for exchanges and the creation of a new self-regulatory organization to conduct token listing reviews. If passed, it could establish one of the world's most comprehensive statutory frameworks and have significant implications for trading and custody—requiring a physical presence in Korea for compliance.

In Japan, the Financial Services Agency (FSA) proposed shifting crypto regulation from the Payment Services Act to the more robust Financial Instruments and Exchange Act to bring crypto oversight in line with securities regulation. Most dramatically, the FSA is now considering allowing banks to buy and hold bitcoin as well as operate licensed crypto exchanges, marking a complete reversal from its more restrictive 2020 supervisory guidelines.

Elsewhere, Thailand strengthened its crypto regulatory positioning with a five-year capital gains tax exemption (January 2025 to December 2029) for crypto trades on SEC-licensed platforms. Indonesia transitioned crypto oversight from its Commodity Futures Trading Regulatory Agency (BAPPEBTI) to the Financial Services Authority in January 2025, reclassifying digital assets as financial instruments and implementing higher transaction taxes effective August 2025.

Australia: From Gray Zone to Guardrails

Between 25% and 31% of Australians have either owned or currently hold digital assets—one of the highest adoption rates in the world.

Their institutions are following suit: in 2024 AMP Limited became the nation's first superannuation fund (pension savings fund) to invest in bitcoin. But Australia's major banks are still taking actions that create significant barriers and friction for many Australians interacting with crypto exchanges.

Fortunately, the new Labor government has taken decisive steps toward legitimizing Australia's digital asset sector with the introduction of the Corporations Amendment (Digital Assets Framework) Bill 2025 into parliament in late-November, marking the most significant regulatory overhaul for crypto markets in the country's history. The bill introduces two new regulated financial products—Digital Asset Platforms (DAPs) and Tokenised Custody Platforms (TCPs)—requiring operators to obtain Australian Financial Services Licences (AFSL) rather than operating in the regulatory gray zone that has characterized the industry for years.

It also brought forward the Regulation of Payment Service Providers – Tranche 1a draft legislation, introducing the concept of "tokenised stored value facilities" (SVFs) to formally regulate stablecoins within Australia's payments framework. This represents a watershed moment for the sector: fiat-backed stablecoins will transition from unregulated instruments to licensed payment products supervised by the Australian Securities and Investment Commission (ASIC), with issuers over AUD200 million crossing into the Australian Prudential Regulation Authority's (APRA) supervisory perimeter.

Latin America's Fragmented Frameworks

Latin America has emerged as one of the world's fastest-growing crypto markets in 2025, with the region experiencing a 63% surge in adoption—second only to Asia—amid a confluence of regulatory clarity, institutional participation, and persistent macroeconomic pressures. As we look toward 2026, the regulatory foundations laid this year position the region—particularly Brazil and Argentina—positively as a critical hub for digital asset innovation.

Brazil has cemented its position as Latin America's crypto leader, having moved around a third of the region's crypto volumes in the 12 months leading up to June 2025, according to Chainalysis. The country's comprehensive Virtual Asset Service Provider (VASP) framework, which took effect in June 2023, has catalyzed unprecedented institutional adoption. For example, Itaú Unibanco (Brazil's largest private bank) launched direct BTC and ETH trading on its mobile platform.

The Brazilian Central Bank (BCB) is currently finalizing its comprehensive VASP regulations, covering asset segregation, licensing, capital requirements, and AML/KYC standards. The overall trajectory points toward greater regulatory maturity as the digital real (DREX) CBDC pilot evolves and major financial institutions deepen their digital asset infrastructure.

In November, the central bank published the rules for VASPs to operate and the criteria for license applications. The regulations will take effect in February 2026, and companies will have until October 2026 to begin the authorization process. The central bank also published rules for the operation of stablecoins within the Brazilian foreign exchange market, which will take effect during the same period.

Argentina's crypto regulatory overhaul under President Javier Milei's administration represents one of the region's most significant developments this year. The country's securities regulator (CNV) implemented new rules for VASPs through CNV Resolution 1058/2025, requiring mandatory registration, strict capital requirements, and adherence to consumer protection policies. That includes AML/KYC protocols, monthly and annual reports, and robust cybersecurity standards. The country ranked first in Latin America for crypto inflows—driven largely by stablecoin adoption.

Finally, Mexico—the second largest regional economy—maintains a cautious regulatory stance, with its Law to Regulate Financial Technology Institutions recognizing "virtual assets" but prohibiting financial institutions from offering crypto services directly to the public—under the supervision of the central bank (Banxico). Non-financial entities can engage in crypto with no explicit prohibition, subject to AML reporting requirements, creating a bifurcated market. Mexico assumed leadership of the Financial Action Task Force (FATF) in mid-2024, which has also informed its implementation of the FATF Travel Rule.

8 Coinbase Updates

2025 in Review

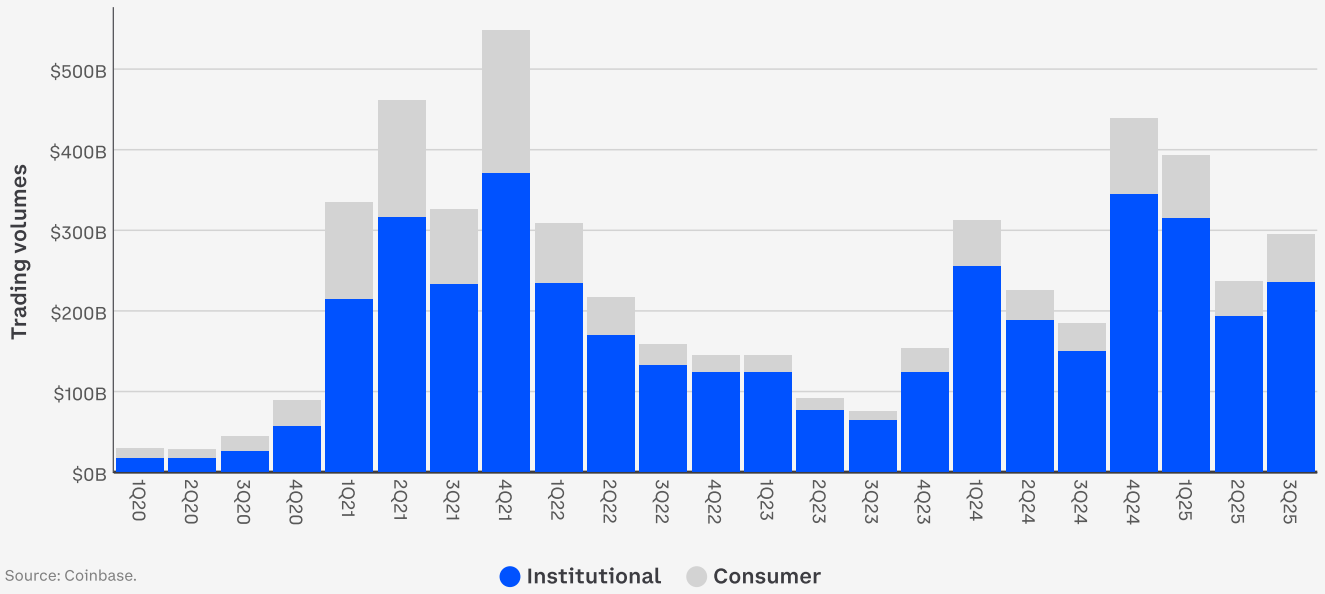
In 2025, Coinbase embarked on the next phase of its onchain payments and market access strategy—launching Coinbase Business and Coinbase Payments, integrating DEX trading access into the main app, launching a new token sales platform, and introducing the Coinbase One Card to connect everyday spending with crypto rewards. And there are several major announcements coming in December 2025 after this report goes to print.

Onchain payments have been a major theme for the company, as we believe stablecoins like USDC are the key to a faster, more open financial layer. For example, Coinbase Payments is a plug-and-play stablecoin payments stack designed for commerce platforms, offering instant, global, secure, 24/7 USDC payments to merchants, without blockchain complexity. Built on Base and already live with Shopify, Coinbase Payments is the fastest way for payment service providers (PSPs), marketplaces, and commerce infrastructure providers to bring stablecoin payments to market. The Shopify integration has already brought millions of merchants onchain, facilitating global access and rewarding customer experiences.

Meanwhile, Coinbase expanded its involvement in the broader capital formation stack this year with the launch of an end-to-end token sales platform and the acquisitions of Liquifi and Echo. Our new token sales platform is designed to broaden crypto market access by creating a more sustainable and transparent way for projects to distribute tokens, by offering equitable access to users via transparent terms and rewarding long-term supporters. Issuers gain global retail distribution, a sale design optimized for project health, deeper exchange liquidity, industry-leading disclosures, and a six-month lock-up. The platform will host about one sale per month.

Coinbase also acquired Echo, the leading onchain platform for community-driven fundraising and investing, to advance more accessible, efficient, and transparent capital markets. Echo lets projects raise directly from their communities through private sales or self-hosted public token sales via Sonar, and has raised $200M+ across ~300 deals. Integrating Echo builds on the recent Liquifi acquisition for token creation and cap table management and gives Coinbase a full-stack solution for builders and investors—from launch to fundraising to secondary trading.

Chart 48. Trading Volumes on Coinbase Platform



Source: Coinbase.

Growth Mode for Institutional Crypto

On the institutional side, Coinbase made decisive progress toward a unified, multi-product trading stack with the acquisition of Deribit, the world's leading crypto options platform. This advanced our strategy to offer spot, term futures, perpetual futures, and options in one integrated experience for institutions and sophisticated traders. In the U.S., Coinbase Derivatives launched U.S. perpetual-style futures with 24/7 availability and a funding-rate mechanism that tracks spot while adhering to CFTC requirements—closing a key structural gap for domestic markets.

Internationally, Coinbase secured its MiCA license in Luxembourg (Commission de Surveillance du Secteur Financier or CSSF) and began migrating European Economic Area (EEA) clients into the new MiCA-regulated structure – aligning custody, spot trading, and fiat services under a single European framework with passporting rights. This is an important foundation for long-term growth in the EU. Earlier in the year, we also obtained UK VASP registration, further broadening our regulatory footprint across priority markets and enabling scaled institutional access in Europe's top financial centers.

Separately, we consolidated institutional workflows on Coinbase Prime, launching the new Earn Center to manage Prime Rewards/Rebates (USDC), PrimePlus, and Agency Lending in a single location. We also introduced a programmatic Solana staking API for at-scale governance of staking operations, enabled instant transfers between Prime accounts for capital efficiency, and delivered UI enhancements such as editable orders for faster execution hygiene. Each of these steps was designed to remove operational friction, improve liquidity mobility, and give institutions better control over their end-to-end lifecycle on our platform.

Finally, Crypto as a Service (CaaS) emerged as our API-first infrastructure layer for banks, brokers, fintechs, and payment firms to embed crypto natively—moving from pilots to production with a trusted, enterprise-grade stack that abstracts operational complexity and speeds up time-to-market. Momentum accelerated in 2025 as JPMorgan Chase partnered with Coinbase to open new crypto access pathways for its 80M customers and PNC selected Coinbase's CaaS platform to allow its clients to buy, hold, and sell crypto—clear signals that mainstream financial institutions are scaling their crypto adoption.

Note that CaaS's custody, execution, and programmatic workflows are powering Coinbase Business, a suite of streamlined business payment tools for merchants looking to automate the collection of customer payments via shareable links while avoiding high processing fees, chargebacks, and platform taxes.

Dawn of Agentic Payments

The digital commerce landscape is on the cusp of a revolutionary change with Google's announcement of the Agentic Payments Protocol (AP2). Building upon the foundation of Google Cloud's existing Agent-to-Agent (A2A) framework, AP2 introduces a critical new dimension: the ability for software agents to not only communicate and coordinate tasks but also to execute financial transactions with merchants, payment providers, and (other) agents.

This development fundamentally shifts the paradigm of automated services. Where A2A facilitated information exchange and workflow orchestration, AP2 is a crucial building block for empowering an autonomous economy between agents. This could enable the next generation of digital services, moving beyond static subscription models to dynamic, event-driven consumption.

Coinbase's development of the x402 open payment protocol helps make this vision a reality by enabling instant, automatic stablecoin payments directly over HTTP. This is critical for agent-to-agent interactions, which often involve numerous, small-value transactions for discrete computational tasks, data queries, or service fragments. Google has collaborated with Coinbase to add an x402 extension to AP2 in order to help tackle the high friction, slow settlement times, and punitive fees associated with traditional financial infrastructure.

In essence, we think AP2 — with x402 as one of the key stablecoin payment methods supported — is poised to unlock entirely new business models for automated services, potentially driving significant growth in the agentic economy by providing a robust, low-friction financial layer. This lays the groundwork for the age of agentic commerce by providing open standards that any developer can build on.

Latest on Base

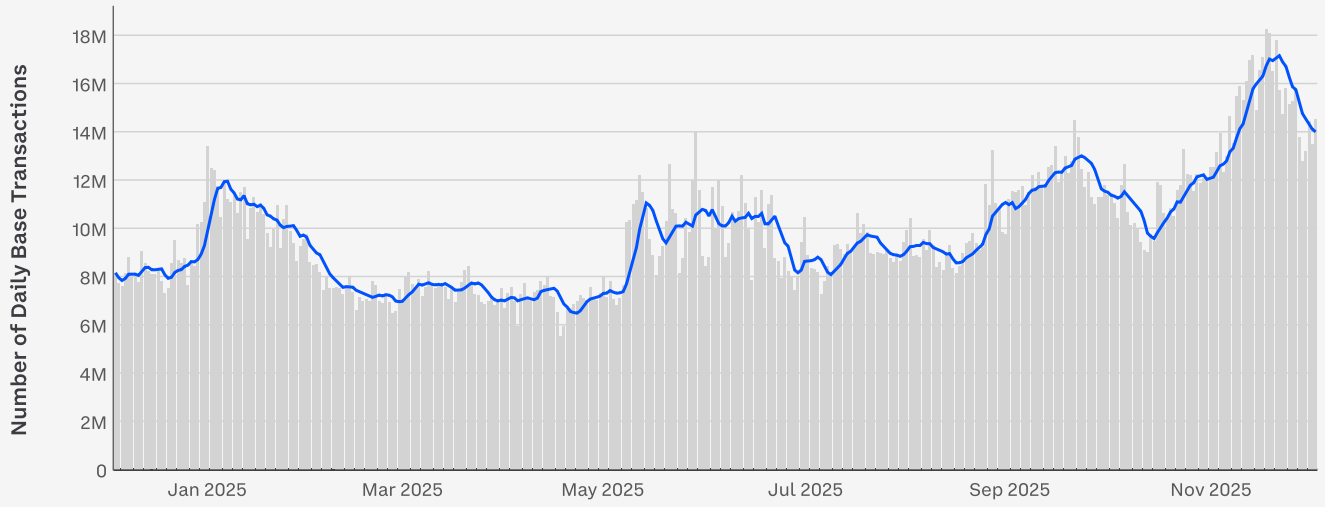
Base is an open stack that combines a secure, low-cost Ethereum Layer 2 chain, a social and financial app, and developer tools that work together to unlock a global onchain economy. The chain currently secures a staggering 4.2M ETH ($12.7B) in total value (according to L2Beat) with a growing user base driven by fee reductions and strategic tooling upgrades. In 2025, Base achieved the north star goal of sub-second, sub-cent transactions and expanded beyond a chain to an open stack that makes it easy for anyone to build, trade, and earn.

Meanwhile, Coinbase Wallet evolved into the Base App , an onchain everything app that brings together a social network, app discovery, chat, payments, and trading. This followed the decisive step of reaching Stage 1 decentralization across the rollup stack earlier in the year, which moved the network toward trust minimization and governance maturity.

That hardening of core security was matched by visible energy in the ecosystem. For example, the Base-Y Combinator call for onchain startups (Fintech 3.0) drew global talent, while "Base Batches" rallied builders globally to create the next wave of onchain apps. Just as importantly, Base is advancing its capital formation stack with the launch of the Base Ecosystem Group on Echo, led by Coinbase Ventures, which will fund startups building on Base. The Base Ecosystem Fund has already backed 40+ teams since launching one-and-a-half years ago, adding more capital and support for builders and giving accredited investors a clearer way to participate.

Taken together, those moves signal the maturation of onchain capital markets around Base—aligning funding, ownership, and usage on shared infrastructure and reinforcing the network's long-term builder flywheel.

Chart 49. Number of daily transactions on Base



Sources: Dune (@watermeloncrypto) and Coinbase

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Note: Although the term “stablecoin” is commonly used, there is no guarantee that the asset will maintain a stable value in relation to the value of the reference asset when traded on secondary markets or that the reserve of assets, if there is one, will be adequate to satisfy all redemptions.