Finery Markets × Stablecoin Insider

FINERY MARKETS & STABLECOIN INSIDER RESEARCH

Would anyone miss banking rails?

The next institutional crypto cycle, 2026–2030

Executive Summary

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- The never-ending regulatory arbitrage
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Methodology & scope of analysis

Historically, Over-the-Counter (OTC) markets—both in traditional finance and digital assets—have been inherently opaque by design. To pierce this informational veil, this report is anchored in proprietary intelligence and execution data provided by Finery Markets, drawn from an active liquidity network of over 150 institutional participants spanning 40 countries.

Furthermore, quantitative findings are synthesized with qualitative insights derived from an exclusive, anonymous survey of key liquidity providers and OTC market participants conducted by Finery Markets.

Disclaimer & market definition

For the purposes of this report, the term "OTC" is strictly defined as institutional electronic liquidity provision conducted by entities operating under robust Anti-Money Laundering (AML) and Know Your Business (KYB) frameworks compatible with global banking standards.

To ensure analytical integrity, this report expressly excludes unregulated peer-to-peer brokerages, cash-settled trading desks, and any intermediaries facilitating third-party payments or physical settlement mechanisms.

The market structure described herein refers exclusively to non-custodial execution models. Within this framework, fiat obligations are settled solely via regulated banking rails (e.g., SWIFT, SEPA, SEN), and digital assets are settled via transparent, on-chain transactions. Readers are advised to strictly distinguish these institutional infrastructures from informal or "shadow" entities ; the operational, custody, and compliance standards of the latter are fundamentally incompatible with the institutional counterparties detailed in this document.

Executive summary

By the beginning of 2026, the institutional digital asset market has reached a definitive inflection point, transitioning to a utility-driven cycle aimed at a 2030 horizon. With total market capitalization stabilizing around USD 3.1 trillion, the vertically integrated "pure exchange" model is being dismantled. Profitability no longer relies on price speculation but on the radical optimization of capital efficiency, modular infrastructure, and institutional-grade settlement rails.

Core Findings

The utility-price decoupling

A defining characteristic of this market stage is the severe decoupling of price and utility. While earlier cycles relied on speculative rallies as marketing, the current focus has aggressively shifted toward real-world engineering and operational excellence.

Today, infrastructure deployment outpaces immediate market valuation; utility leads while price lags. Generating compounding alpha now requires the patience to navigate the lag between fundamental technological integration and eventual market recognition.

The unbundled market stack

The era of relying on centralized exchanges as "walled gardens" is definitively over for institutional players. The ecosystem has matured into a strictly unbundled, modular stack where execution, custody, and settlement operate as independent pillars.

By trading through non-custodial ECNs, institutions entirely eliminate the counterparty risks associated with pre-funding. By ensuring assets are never commingled, this professionalization establishes a transparency standard that vastly surpasses traditional dark pools.

OTC as the liquidity engine

As retail-driven exchange volumes stagnate, the institutional spot OTC market has accelerated, recording a massive 109% year-over-year expansion. This represents a structural migration toward highly regulated, electronic liquidity streams reminiscent of the $3.0 trillion traditional FX market.

Driven by a demand for capital velocity, 40% of surveyed institutions now identify OTC as their first-choice execution venue, routing over half of total trades into off-screen workflows.

The existential threat to banks

The 100-year consensus of the traditional two-tier banking system is confronting its first superior technological threat. Stablecoins have bypassed their original role as simple on-ramps, evolving into direct competitors for core bank deposits.

Rather than returning collateral to banking rails, major issuers allocate directly into capital markets, emerging as top-tier holders of U.S. Treasuries. This fierce competition for cheap capital will force a TradFi "defensive consolidation" wave to prevent obsolescence.

Settlement as the new alpha

In an environment prioritizing high capital velocity, tolerating the "cost of carry" for trapped capital is no longer economically viable. Institutions are shifting from T+2 legacy infrastructure to T+0 atomic settlement, creating an immutable, fully auditable on-chain record.

By transitioning from reactive compliance to strategic on-chain automation, firms are drastically reducing historically high $2,598 per-client onboarding costs, transforming the back office into a primary margin driver.

Market reality & margin compression

Intensifying competition for institutional order flow has triggered a high-scale race to the bottom, with 75% of surveyed firms reporting significant margin compression. Liquidity providers are maintaining stable risk profiles by absorbing this pressure entirely through operational efficiency.

Concurrently, global momentum is shifting; despite formal frameworks like MiCA, Europe is losing growth leadership to North America and Asia, proving that regulatory clarity alone cannot guarantee capital inflows.

01.

The Institutional adoption cycle: the 2030 horizon

Many industry reports mark 2026 as the trigger for a new institutional cycle. Regulation is in place, and major industry participation is real, not projected. Speculative growth driven by price momentum no longer delivers actual adoption; instead, use cases and infrastructure provide the scalable foundation igniting the transition to mature capital markets. The forecasting dilemma today lies not in the unknown, but in synthesizing a phenomenal volume of transparent, on-chain data to understand the structural shifts that have already occurred. By analyzing these established facts, we can project the trajectory of institutional adoption through 2030.

01

The Eradication of Regulatory Arbitrage

The last two years marked a quantum leap in regulatory clarity, transitioning from fragmented "regulation by enforcement" to clear taxonomies for Stablecoins, RWAs, and BTC/ETH.

Unlike the previous cycle—defined by the chaotic collapse of bad actors like 3AC, FTX, and Terra/Luna—the current cycle is defined by the systemic accumulation of good practices and a definitive flight to quality. Leveraging the world's deepest capital markets and massive AUM, the US has firmly taken the lead in shaping global crypto standards, effectively re-platforming the dollar's dominance through USD-denominated stablecoins. Consequently, the rest of the world is now forced into a "fast follower" mode; in this global competition, inaction is an existential risk, and by 2030, the hierarchy of global crypto leadership will be firmly established.

02

The Existential Threat & The War for Cheap Capital

The two-tier banking system successfully centralized credit creation for a century, but its fleeting moats of regulatory entrenchment and capital depth are evaporating when faced with superior technology. Following prolonged periods of near-zero and negative interest rates in Developed Markets, depositors aggressively sought alternative yield sources, catalyzing a surge in demand for decentralized, high-beta alternatives. Today, stablecoins have evolved from temporary settlement bridges into a direct threat to the banking funding model. Rather than recirculating fiat collateral back into bank deposits, major issuers allocate directly to capital markets—bypassing the banking system to become top-tier holders of US Treasuries and holding $24 billion in gold. Constrained by Basel III/IV, banks are losing market making and payment volumes, forcing them into an aggressive lobbying phase against yield-bearing stablecoins.

03

The "Defensive Consolidation" Blueprint

The primary challenge for the coming decade remains clear: who will ultimately drive credit formation?. Beyond 2030, blockchain infrastructure faces a binary outcome—it will either be absorbed by the banking establishment or it will fundamentally displace the traditional funding model. History provides a blueprint: in the mid-2000s, U.S. stock exchanges faced extinction from high-velocity ECNs (like Archipelago and Island) due to Regulation NMS.

Incumbents chose defensive survival; the NYSE acquired Archipelago, Nasdaq absorbed INET, and the LSE acquired Turquoise. We will likely witness the first signs of a similar "defensive consolidation" cycle well before 2030, as TradFi giants move to acquire critical crypto infrastructure to prevent institutional obsolescence. However, a critical divergence remains: have digital infrastructure giants already become "too big to swallow" for the world's largest financial incumbents?.

04

Infrastructure Professionalization & The 24/7 Back Office

Institutionalization is driving a rapid migration of traditional market best practices onto blockchain rails. Previous barriers, such as unpredictable network fees, have been addressed by upgrades like EIP-1559, removing the volatility of native tokens from operational expenses. Furthermore, expanded network throughput now supports the acceleration of settlement times and the unification of collateral pools.

However, adapting to a 24/7/365 infrastructure requires solving highly fragmented price discovery and redefining "free float" metrics for market capitalization. To unlock higher ROE, the shift from "reactive oversight" to "strategic infrastructure policy" will drive massive back-office efficiencies. By integrating automated, on-chain compliance, institutions can dismantle fragmented silos and radically reduce the bloated $2,598 average cost per client onboarded.

05

The "Fragmentation Tax" & The Web2 Shakeout

The current crypto market is overcrowded, reminiscent of the stochastic growth of the Dotcom era. A unique "fragmentation dichotomy" is emerging: while the universe of tradable assets will continue to expand, the number of active market participants will contract, accelerating after 2030.

This forces a strategic shift where Return on Equity (ROE) will no longer be solely about asset price appreciation, but profitability will increasingly be found in the cost of the infrastructure itself. Participants must seek yield by radically improving capital efficiency in what remains the most fragmented market in financial history. Ultimately, this industry-wide consolidation will wash out weaker players and mirror the trajectory of Web2, forging a new "Magnificent Seven" of crypto tech giants that will dictate the global market structure.

06

The Decoupling: Price vs. Utility

Market narratives often fixate on the compression of price cycles, but a critical distinction has emerged: price cycles are creatures of liquidity and mass psychology, whereas adoption cycles are products of utility and engineering. While early markets relied on price rallies (like memecoin mania) to bootstrap awareness, that causality has fundamentally weakened. In this mature phase, utility leads and price lags; infrastructure must be built, integrated, and utilized before the market can fully reprice the value it creates. This disconnect is not a market failure, but a structural characteristic of maturity. The enduring lesson of the 2030 cycle is that significant compounding requires the patience to endure the lag between fundamental adoption and market recognition.

Ultimately, the 2030 cycle will reshape what alpha truly is. The previous chapter rewarded speculation. The new one is for those who lift off the complexity and unlock efficiency in making two separate financial systems compatible, interoperable, and mutually permeated.

02.

The evolution of OTC market structure

Over-the-Counter (OTC) trading is the structural foundation of global finance, governing the vast majority of volume in mature asset classes—from the $9.6 trillion daily FX market to complex Fixed Income derivatives. Similarly, in the digital asset space, institutional OTC desks are the primary liquidity venues for block execution, mirroring the efficiency of traditional "dark pools". The institutional OTC segment operates on a fundamentally different infrastructure. This report focuses exclusively on this institutional layer distinct from the peer-to-peer flows often involving cash transactions.

The shift to fully-electronic & atomic settlement Unlike the "internalized" and opaque booking models, the modern institutional OTC landscape is migrating toward a fully-electronic and non-custodial model. In this framework, trade execution and custody are strictly decoupled. Settlements are not merely internal ledger updates but are executed via transparent on-chain transactions or atomic swaps, creating an immutable, publicly verifiable audit trail.

This mechanism offers a higher degree of transparency than traditional centralized exchange databases, effectively neutralizing the risk of "hidden" flows often attributed to legacy voice-brokerage models. Institutional OTC trading mandates that fiat legs be settled exclusively through regulated banking rails (SWIFT/SEPA/SEN), ensuring that every dollar entering or leaving the system is subject to stringent AML/KYC filters at the banking level.

Furthermore, institutional liquidity providers enforce rigorous Know-Your-Business (KYB) onboarding. Consequently, the anonymity often cited as a feature of the broader crypto market is virtually non-existent in the fully-electronic institutional OTC sector, where counterparties are identified, vetted, and continuously monitored.

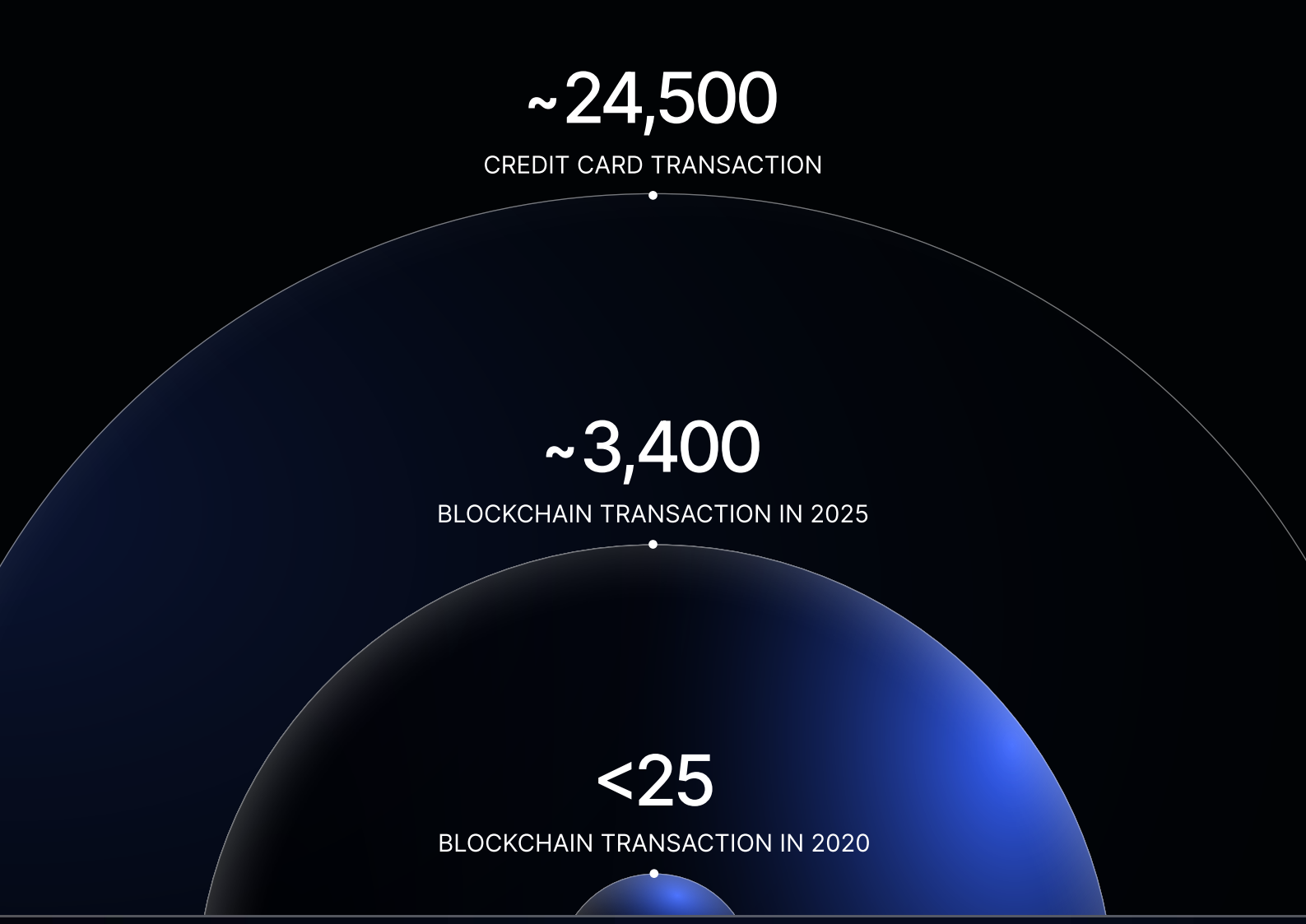
This report analyzes the 'great decoupling' of the crypto spot market (2020–2025). We demonstrate how the limitations of the 'pure exchange' model have catalyzed the emergence of a robust, multi-layered institutional stack—one that replicates the structural integrity of traditional capital markets.

Since its inception in 2008 with the creation of Bitcoin, the crypto market has grown and evolved into a complex, inherently global system. However, it has remained enormously volatile. In 2021, it experienced an annual growth of 300% up to a market capitalization of USD 2.3 trillion, but quickly fell back to around USD 0.8 trillion over the course of 2022. Since then, the market has rebounded and, as of December 2025, stands at USD 3.1 trillion (Chart 1).

Total Crypto Market Cap Chart

As seen on recentA16z data, blockchain transactions per second grew by more than 100-fold over five years, from below 25 in 2020 to approximately 3,400 in 2025. This surge in capacity was unlocked by a drastic reduction in fees, with stablecoin transactions now settling in under one second for less than one cent (for Ethereum and L2 transactions).

While still an order of magnitude below global credit card giants like Visa (~65k peak TPS), the gap is closing rapidly as L2 scaling matures.



Reporting Date	Total Existing Crypto Assets	Notes
2020	2,403	
2021	4,154	Defi Summer drove a massive spike in new tokens.
2022	8,714	Peak "bull market" issuance.
2023	8,856	Slowdown due to "crypto winter."
2024	~12,000+	Resurgence in memecoins/L2 tokens.
2025	~18,279*	As of 11 Dec 2025 (includes many inactive/ low-liquidity assets).

TOTAL ASSETS:

~18,279

TRADABLE ASSETS:

~10,000

INSTITUTIONALLY RELEVANT

<500

Assets with sufficient liquidity for OTC desks

As of 2025, the total crypto assets count was 18,279 cryptocurrencies across ~1,440 exchanges. However there is a very long tail of non-traded tokens, and we estimate that only at around 500 tokens are relevant to institutions.

1. The death of the "pure" exchange model?

For over a decade, the crypto market was defined by a singular, vertically integrated structure: Central Exchanges or CEXs. These venues operated as "walled gardens," acting simultaneously as the broker, the clearinghouse, the custodian, and the lender.

By 2025, that era has effectively ended for the institutional market.

The "pure" exchange model—where a customer deposits assets into an exchange's omnibus wallet to access liquidity—is being rapidly dismantled. A new unbundled stack has emerged, driven by the trauma of past contagion events and the uncompromising demands of traditional finance (TradFi) entrants.


stripe


BlackRock


VISA


Amundi
ASSET MANAGEMENT


STATE
STREET


Revolut


J.P.Morgan


LSEG


Fidelity


Morgan Stanley


mastercard


360T
TRADING NETWORKS


CIRCLE


EURONEXT


Robinhood

The decoupling: execution vs. custody

The most significant structural shift of the 2023–2025 period is the separation of execution (trading) from custody (safekeeping). In the post-FTX world, institutions deemed the counterparty risk of leaving capital on trading venues unacceptable. This forced a migration toward off-exchange custody and settlement networks. Today, tier-1 institutions are aggressively migrating away from 'pre-funding' models in favor of capital-neutral execution

Instead, they utilize distinct layers:

EXECUTION:	Trading occurs on the ICT providers' venues (e.g., Finery Markets, Talos) without the assets ever actually resting on the venue's balance sheet until the moment of settlement.
SETTLEMENT:	Assets are mirrored or pledged via settlement layers (e.g., Copper ClearLoop, Fireblocks Off-Exchange).
CUSTODY:	Assets remain in bankruptcy-remote vaults (e.g., Zodia, BitGo, Anchorage Digital).

The rise of the non-custodial ECN

This decoupling has fueled the ascent of the Electronic Communication Network (ECN) model over the traditional Central Limit Order Book (CLOB) exchange.

ECNs have capitalized on this shift by offering a purely non-custodial infrastructure. Unlike a traditional exchange that requires pre-funding, the modern ECN acts strictly as an infrastructural execution layer. It connects liquidity takers (OTC desks, brokers, hedge funds, payment providers and other financial players) with market makers (liquidity providers) while settlement happens bilaterally or via a third-party clearing or settlement layer.

For the institutional trader in 2025, the value proposition has inverted:

OLD MODEL (2020):

"Who has the most liquidity?" (Prioritizing depth over safety).

NEW MODEL (2025):

Who lets me trade without moving my funds?

From "walled gardens" to "networked liquidity"

The "pure" exchange is not disappearing, but it is being demoted. Exchanges are evolving into mere liquidity nodes within a larger network mostly, focusing primarily on the retail crowd rather than functioning as the entire network themselves.

Institutions now view the market not as a series of disconnected islands, but as a unified liquidity fabric stitched together by prime brokers, ECNs and agnostic settlement layers. In this new ecosystem, the venue that wins is not the one that hoards the most assets, but the one that connects the most efficiently to the rest of the stack.

According to our annual OTC trading report, throughout 2024–2025, crypto spot OTC markets showed the steadiest growth. This was propelled by technological advancements that reduced costs, freed up working capital, expanded available trading regimes, and improved institutional accessibility to digital assets through TradFi-style infrastructure.

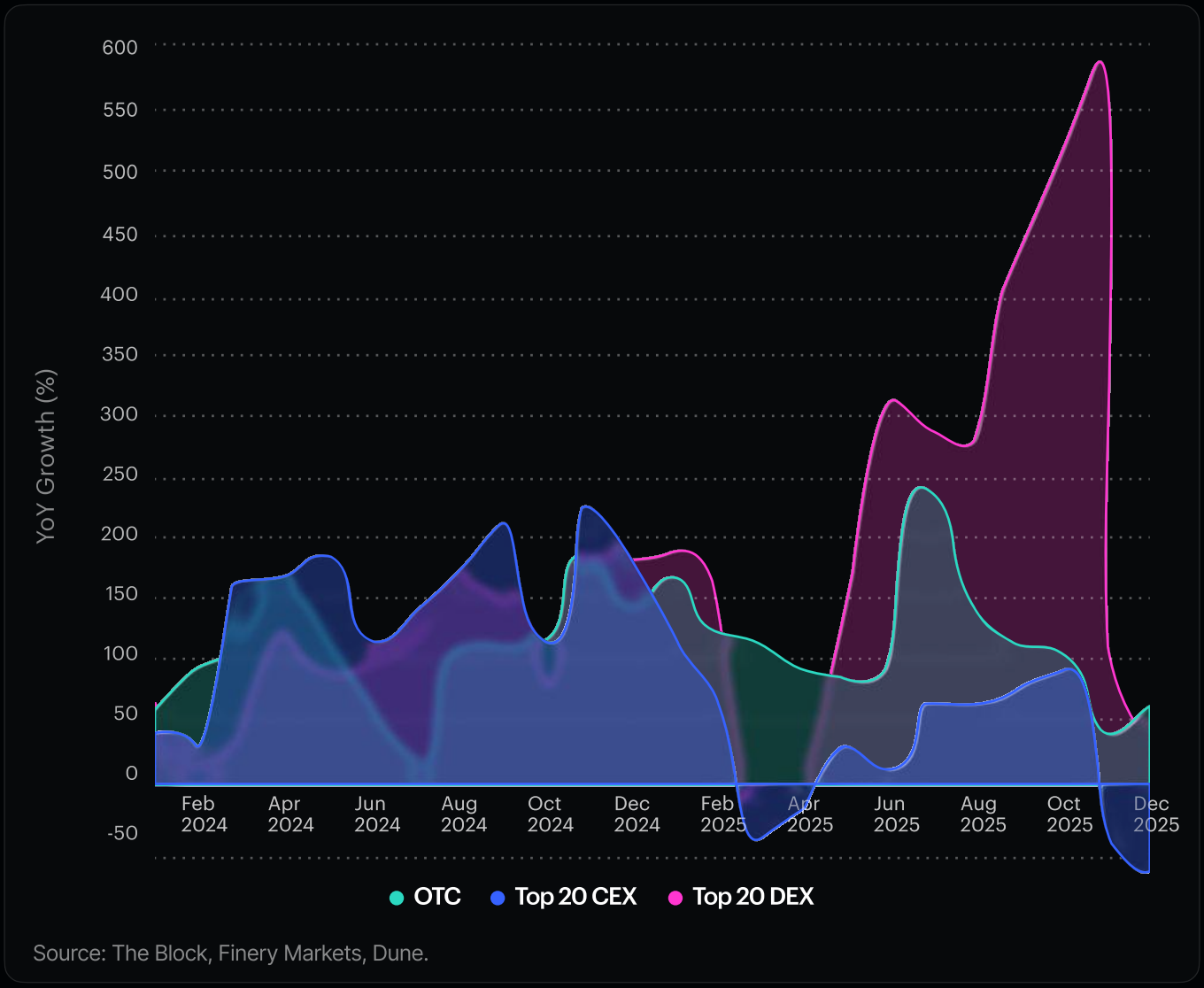
While DEX activity experienced hyper-growth followed by sharp reversals, and CEX volumes entered a contraction phase in 2025, OTC demonstrated comparatively stable compound growth across the cycle.

Though partly attributable to a low-base effect, the disparity is undeniable: crypto spot OTC markets grew by 109% YoY, while the top-20 CEXs saw only moderate growth of 9% YoY by year-end 2025.

Institutional adoption is no longer dependent on CEX-driven growth alone. A gradual pivot by institutional players toward off-exchange execution offers operational flexibility and capital efficiency for large-block trading

Crypto spot market dynamics (2024–2025)

CEX vs DEX vs OTC: YoY growth



Source: The Block, Finery Markets, Dune.

Prime Brokers

The interface (Credit & Aggregation)

LTP · BEQUANT · SAGE Capital Management · ripple · FALCONX · coinbase PRIME · GALAXY DIGITAL · B2Broker · BINANCE INSTITUTIONAL · kraken INSTITUTIONAL

Liquidity Providers

The engine (make the price)

WINTERMUTE · CUMBERLAND · GSR · SAGE Capital Management · WINCENT · CALADAN · FLOW TRADERS · oneAlpha · STILLMAN DIGITAL · DV chain · aquanow · FinchTrade

Connectivity layer

Connectivity to price discovery centers

Gold-i · LUCERA · oneZero · 40TC

Technology and ECNs

The marketplace (Technology for routing or matching the trade)

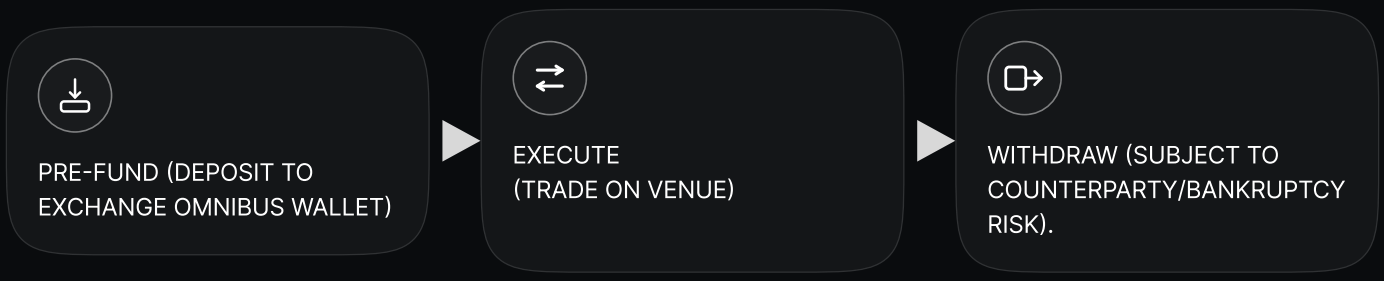
CoinRoutes · wyden · Cypator · CROSSOVER · FineryMarkets · TALOS · EDX

Post-Trade (Custody & Settlement)

The vaults & the plumbing

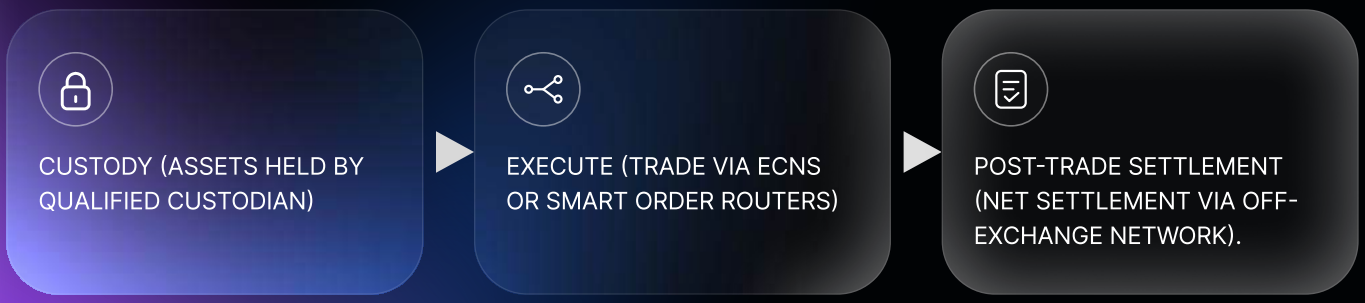
Komainu · anchorage digital · HexTrust · zodia CUSTODY · BitGo · copper · Liminal

The Old Model (vertical integration)



Central, Visible liquidity, All-to-all anonymous trading model

The 2025 Model (The "decoupled" stack)



Off-screen liquidity, Unique to each liquidity taker, disclosed or semi-disclosed trading model

Historically, the crypto market relied on 'pre-funding'—a mechanism that functioned less as a feature and more as a retail-era patch for the absence of prime brokerage. While this model effectively mitigated settlement risk for the venue, it did so by transferring disproportionate counterparty and operational risk to the investor. By forcing institutions to lock capital in exchange wallets prior to execution, the industry created a 'trust bottleneck' that traditional markets eliminated decades ago.

Crypto-native firms are trapped in a cycle of 'liquidity fragmentation.' Because capital is siloed across venues with incompatible margin rules and funding loops, firms are forced to over-fund multiple accounts. Without a cost-effective way to rebalance in real-time, they end up paying a 'fragmentation tax'—locking up vast amounts of idle capital just to stay in the game.

The requirement to pre-position assets is a killer of capital efficiency. It necessitates the fragmentation of liquidity into stagnant pools, leaving balances idle on exchanges rather than working in the market. In an era where yield and velocity are paramount, the opportunity cost of these forfeited returns—combined with the structural risks of commingled venue wallets—renders the model obsolete.

Traditional market integrity isn't fueled by prefunding, but by a sophisticated credit-check framework that validates solvency before a single dollar moves. This separation of powers—where custody, clearing, and execution operate as independent pillars—removes credit risk from the immediate trade cycle. This 'Chinese Wall' approach prevents localized defaults from evolving into systemic contagion. For regulators and participants, the gold standard for trust isn't the physical presence of capital at the point of sale, but the transparency of the infrastructure supporting it.

We believe that in 2026, the search for profitability in institutional crypto may shift from "spread-chasing" to a sophisticated focus on capital efficiency. As the market matures and regulatory clarity solidifies, the reduction of the cost of capital will emerge as the most viable path to sustainable ROI for large-scale players.

Metric	Pre-funded CEX Model (Traditional)	Credit-based OTC/ Prime Model (2026)	ROI Impact
Capital Allocation	FULL PREFUNDING: Capital is siloed and immobilized across multiple venues before trading.	CREDIT-FIRST: Trading occurs against credit lines; capital is only moved at the time of settlement.	HIGH: Frees up liquidity for other yield-generating activities.
Liquidity Access	FRAGMENTED: Limited to the order book of a single centralized exchange.	UNIFIED: Access to a global liquidity pool combining CEXs, market makers, and other OTC desks.	MEDIUM: Reduces the price impact on large-scale orders.
Settlement Logic	INTERNAL DATABASE: All transactions happen off-chain in the exchange's private database.	PROGRAMMABLE: Utilizes stablecoins and atomic settlement for 24/7, real-time value transfer.	HIGH: Eliminates the "settlement gap" and reduces operational risk.
Risk Management	COUNTERPARTY RISK: Assets are held by the exchange, making them vulnerable to insolvency.	RISK SEGMENTATION: Custody is separated from execution, often held by regulated custodians.	HIGH: Lowers the cost of capital by reducing risk premiums and insurance needs.

03.

The "RWA" effect on OTC markets

The paradigm shift in asset transfer

Tokenization refers to the creation of assets—or representations of assets—on a shared, trusted, and programmable ledger, usually a blockchain. This process does not change the fundamental economic characteristics of assets, but it alters the infrastructure and methods through which they are recorded, issued, and transferred.

The institutional sentiment surrounding tokenization is increasingly bifurcated. On one hand, it is hailed as a fundamental catalyst for re-engineering financial market structures and optimizing the value chain. On the other, the sector remains a landscape of nuanced debate, where the primary challenge lies in the multidisciplinary intersection of regulatory policy, market mechanics, and technological infrastructure. Consequently, the industry operates within a collection of diverging definitions; "tokenization" reflects a wide spectrum of processes and outcomes, heavily dictated by the specific asset class, operational architecture, and jurisdictional governance.

As tokenization is not a monolithic trend, its impact varies significantly across asset classes, each offering new opportunities for OTC desks to expand their service offerings. Crypto-native firms like FalconX and Wintermute have evolved from pure trading into RWA liquidity engines, Simultaneously, traditional players are moving past the experimental phase to dominate next-gen infrastructure; JPMorgan (Kinexys) and DRW (Cumberland) are utilizing DLT to achieve near-instant collateral mobility and real-time settlement. This transition is further accelerated by heavyweights like BlackRock, acting as a catalyst through the integration of tokenized shares with DeFi protocols, and Clearstream, which is digitizing the traditional "back-office" to facilitate the high-velocity issuance and secondary trading of commercial paper and private debt.

PHASE 1: (PRE-1980S)

THE ANALOG FOUNDATION

Manual Handling & Fragmented Record-Keeping

PHYSICAL ASSET TRANSFER:

Ownership was anchored to physical paper certificates that required manual issuance and transfer, creating significant operational logjams.

STAGNANT SETTLEMENT CYCLES:

The heavy reliance on physical logistics resulted in slow T+5 (or longer) settlement windows and scattered data across various registrars.

COORDINATION FRICTION:

no centralized digital anchor, human errors, sluggish capital mobility.

PHASE 2 (1980S–2020S)

THE ELECTRONIC CONSOLIDATION

Centralized digital ledgers & middleman dependencies

DIGITAL DEMATERIALIZATION:

The transition to electronic book-entry systems streamlined the "paper era" inefficiencies by digitizing securities within centralized clearinghouses.

INSTITUTIONAL GATEKEEPERS:

While faster, this era introduced heavy reliance on third-party intermediaries, with settlement speed effectively plateauing at a T+2 standard.

GATED TRANSPARENCY:

High barriers to entry and limited cross-border interoperability meant that real-time market visibility was reserved for institutions rather than the broader market.

PHASE 3: (POST-2020S)

THE PROGRAMMABLE ERA

Distributed Infrastructure & User-Centric Control

TOKENIZATION:

The shift to a shared, programmable system of record enables instantaneous asset transfers, virtually eliminating traditional settlement risk.

ON-CHAIN OWNERSHIP:

by utilizing on-chain auditability, tokenization solves the coordination gaps and high latency of previous models, providing users with direct control over their assets.

COMPOSABLE ECOSYSTEMS:

modern financial infrastructure is built to be accessible and interoperable, allowing for complex multi-asset operations that were previously impossible in siloed systems.

Application of RWAs

A primary pillar is the direct trading of institutional blocks, which allows for the private exchange of tokenized positions without the slippage and public volatility inherent in traditional order books. By negotiating directly between parties, OTC desks execute high-value RWA trades at a single, agreed-upon price without exposing trade data to the public market or roiling order books.

Tokenized government bonds and Treasury bills, which now serve as the reliable "yield anchor" for the digital asset space can be considered as high-quality on-chain collateral. OTC desks utilize these instruments to facilitate intraday repurchase agreements (repos), enabling firms to optimize their balance sheets and satisfy urgent margin requirements in real-time rather than waiting for multi-day legacy settlement cycles.

The move toward fractionalization has simultaneously transformed traditionally "frozen" assets into manageable digital units. For example, a single $10 million commercial property can now be broken down into thousands of compliant tokens, allowing institutional desks to facilitate granular exposure for a broader range of accredited investors while injecting fresh liquidity into previously illiquid alternative markets.

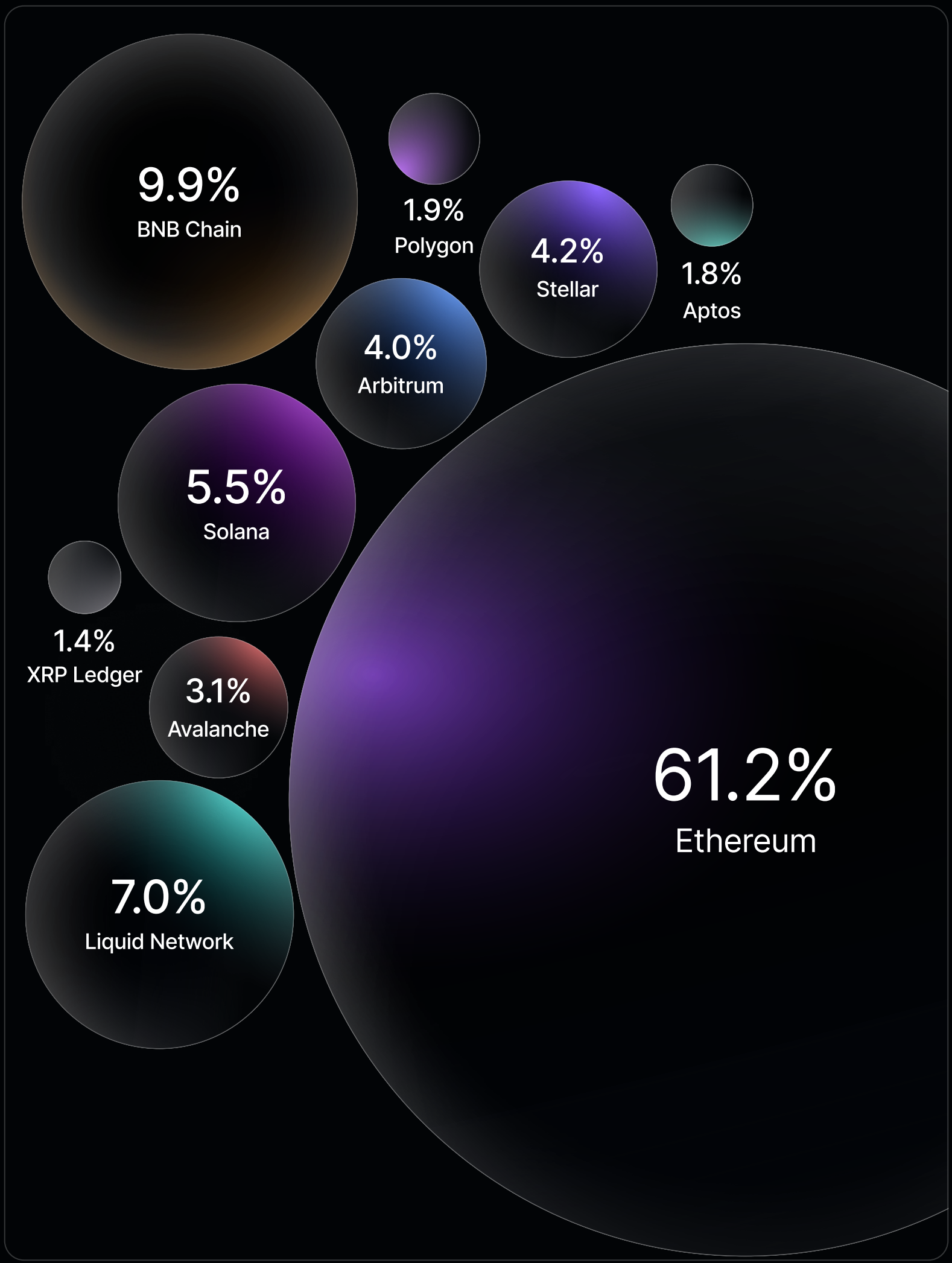
Atomic settlement and reduced risk is another important implication, where the programmable nature of RWA tokens enables the near-instantaneous exchange of assets for payment (T+0). By encoding transfer rules and compliance checks directly into smart contracts,OTC desks eliminate the counterparty credit risk and administrative delays associated with traditional intermediaries, turning what was once a multi-day reconciliation process into a seamless, automated event.

RWA to become a treasury management, where idle liquid balances are held in tokenized money market funds rather than stagnant fiat accounts. The transition RWAs into the core of treasury management may fundamentally redefine how institutional desks handle liquidity.

By sweeping previously idle liquid balances into tokenized money market funds — such as BlackRock’s BUIDL or Franklin Templeton’s Benji —firms can combat "cash drag" and mobilize capital that would otherwise sit stagnant in low-interest fiat accounts. Unlike traditional money market vehicles, which often require 24-hour settlement cycles and are limited by banking hours, tokenized funds operate on a 24/7/365 basis with near-instant finality. This shift allows desks to generate a continuous return on settlement assets right up until the moment of execution, effectively turning treasury operations from a cost center into a profit driver.

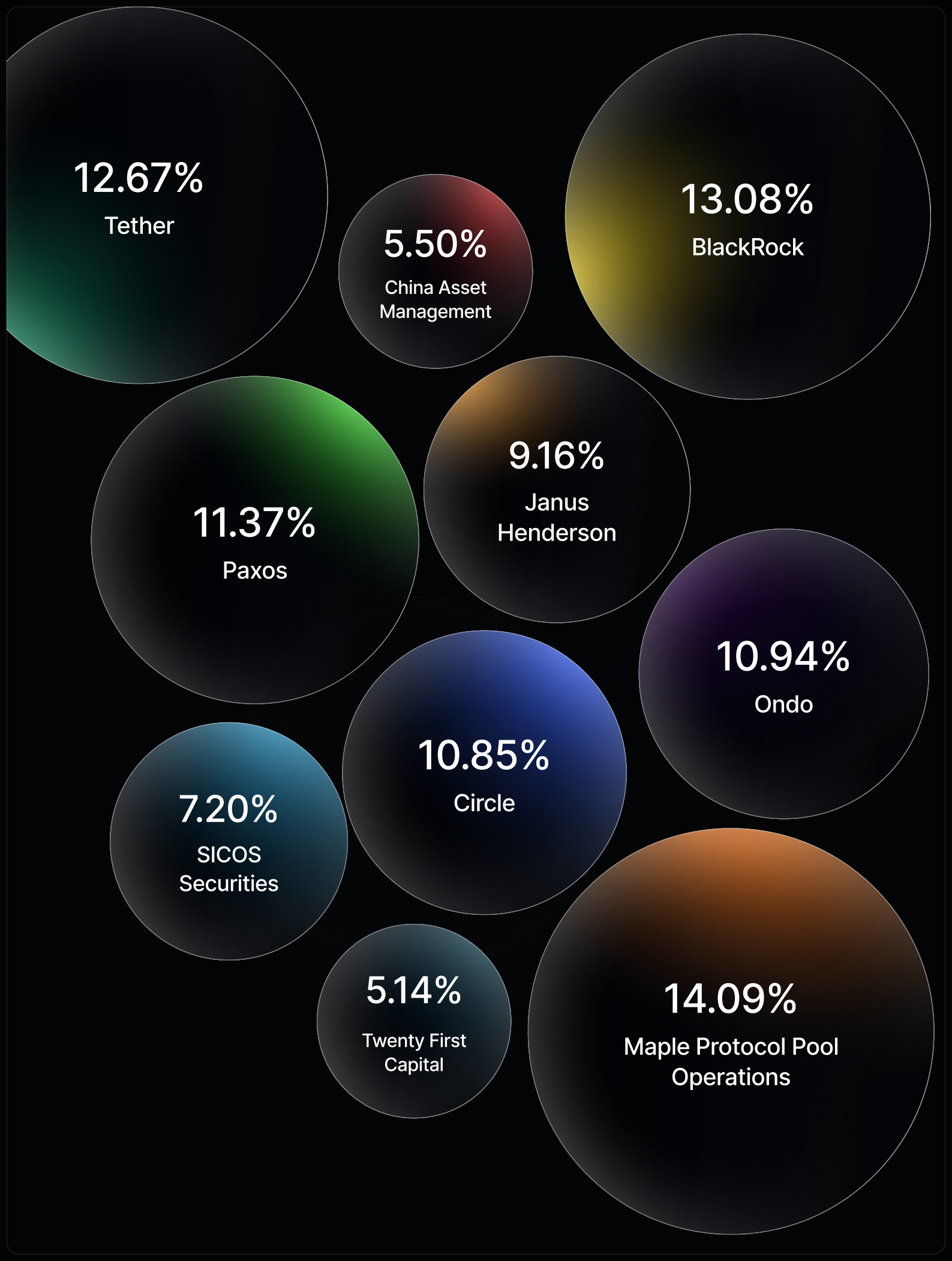
Network	Value (USD)	%
Ethereum	$12,327,299,421	61.2%
BNB Chain	$1,994,501,642	9.9%
Liquid Network	$1,417,708,801	7.0%
Solana	$1,102,694,603	5.5%
Stellar	$852,272,002	4.2%
Arbitrum	$804,035,160	4.0%
Avalanche	$616,463,896	3.1%
Polygon	$380,114,119	1.9%
Aptos	$366,769,077	1.8%
XRP Ledger	$281,163,443	1.4%

Network Metrics



Network	Value (USD)	%
Maple Protocol Pool Operations	1,974,455,905	14.09%
BlackRock	1,834,012,323	13.08%
Tether	1,775,353,004	12.67%
Paxos	1,593,601,230	11.37%
Ondo	1,533,678,119	10.94%
Circle	1,520,570,325	10.85%
Janus Henderson	1,284,266,500	9.16%
SICOS Securities	1,008,886,987	7.20%
China Asset Management	770,944,717	5.50%
Twenty First Capital	720,939,528	5.14%

Asset Manager Metrics



A Multi-Asset Evolution

On-Chain Funds and Treasuries:

Tokenized money market funds (MMFs), such as BlackRock's BUIDL and Franklin Templeton's Benji, have already become a cornerstone of the "on-chain" financial system.

These funds allow for 24/7 liquidity and yield generation on "idle" settlement assets, facilitating a high-velocity collateral ecosystem that was previously impossible within banking hours. They are actively used for treasury management through repo agreements

Commodities & Real Estate:

While these assets face hurdles due to their physical nature, tokenization offers a path to "secure immobilization". Tokenized gold products (e.g., PAXG, XAUT) already account for 99% of the tokenized commodity market, providing a 24/7 hedge against inflation. Real estate tokenization is projected to unlock liquidity in the $379.7 trillion global property market by simplifying deed transfers and rental income distributions.

The transition to distributed ledgers is not an "overnight" process. Financial institutions must manage the operational complexity of running parallel systems (tokenized and conventional) while ensuring that internal books and records remain synchronized with the blockchain-based "golden record".

Alternative Assets (Private Equity and Credit):

PE and private credit represent one of the largest unaddressed opportunities, particularly for the "missing middle"—market enterprises that traditionally lack access to deep capital pools.

Tokenization enables fractionalization, lowering investment thresholds, thereby democratizing access for accredited and retail investors alike.

Fixed Income and Debt Instruments:

This sector currently leads institutional adoption due to its simple structures and high demand for collateral mobility, which also makes these instruments a part of repo markets for tokenized assets.

Secondary market problem

The structural deficit in compliant secondary venues for Real-World Assets (RWAs) remains the definitive hurdle to institutional scaling, resulting in a 'liquidity trap' where tokenized value exists but cannot be mobilized at velocity. Without deeper market depth, these assets frequently incur an implicit illiquidity premium, as evidenced by the high percentage of issuances reporting negligible secondary turnover.

For example, according to WEF, as of 2024, the fixed-income sector—spanning bonds, commercial paper, and structured products—has seen over $15 billion in tokenized issuance. However, a profound "activity gap" persists:

- Approximately 50% of tokenization initiatives report annual turnover below $1 million.
- Due to insufficient trading volume and depth, an implicit illiquidity premium is applied to tokenized assets, complicating accurate price discovery.
- The lack of comprehensive secondary-market data hinders the ability of participants to fully quantify the risk-adjusted benefits of tokenization over traditional wrappers.

In fragmented, low-liquidity environments, liquidity providers lack the sophisticated hedging mechanisms required to offset balance sheet accumulation. Without these tools, liquidity providers are unable to effectively manage inventory risk, which discourages them from committing significant capital or narrowing bid-ask spreads. High minimum investment thresholds in private placements—combined with restricted institutional access—limit the participant pool for secondary markets.

While fractionalization is often cited as a solution, its impact is frequently offset by high administrative and operational costs. Cross-border trading and collateralization remain hindered by fragmented regulatory frameworks. Furthermore, high listing fees often discourage dual-listing strategies that could otherwise bridge liquidity between venues.

Despite the decentralized ethos of programmable ledgers, liquidity remains trapped within isolated platforms, necessitating a move toward interoperable ECNs and unified liquidity pools to inspire sustainable capital formation. While primary issuance for digital securities continues to scale, the transition to robust secondary trading remains the most significant hurdle for institutional adoption. Despite the promise of blockchain-native efficiency, current tokenized markets are characterized by thin liquidity, fragmented settlement, and structural barriers.

Completing the Tokenization Circuit

It is critical to recognize that stablecoins serve as the indispensable "settlement layer" for the RWA ecosystem. While tokenization digitizes the asset (the bond, the property, the debt), the transformation remains incomplete without a programmable payment leg. Without stablecoins, tokenized bonds cannot achieve the T+0 atomic settlement praised above; they would remain tethered to the latency of legacy banking hours. The "alpha" of RWA trading is therefore not found in the asset alone, but in the synchronous exchange of tokenized collateral for stablecoin liquidity.

04.

Settlement is the new alpha: the stablecoin revolution

Stablecoins are part of a broader trend toward the tokenization of financial assets and money. As we stated above, in institutional circles, the hunt for "alpha" is shifting.

It’s no longer just about finding the best price on a trade; it's about the radical efficiency of the plumbing beneath it.

Stablecoins have provided the critical infrastructure for this evolution by establishing three necessary pre-conditions: increased public and institutional awareness, deep on-chain liquidity, and robust lending and borrowing activity in asset-pegged products.

ISSUERS AND GOVERNANCE:

The issuer creates the stablecoin and follows a rulebook that sets the standards for how the coin is used and managed.

DIGITAL WALLETS:

These are tools used to hold and transfer stablecoins. They are categorized as:

- Hosted: Provided by a third party, such as an exchange or wallet company, who manages the technical details for you.
- Unhosted (Self-Custody): Controlled directly by the user, giving them full responsibility over their digital keys.

BLOCKCHAIN VALIDATORS:

The technical backbone of the system, these participants verify and record every transaction on the shared digital ledger.

EXCHANGES, ECNS & OTHER VENUES:

These act as marketplaces where users can buy or sell stablecoins. They facilitate trading by matching buyers with sellers or by acting as market makers to provide liquidity.

ASSET CUSTODIANS:

These are typically licensed financial institutions that safely store the real-world reserves (like cash or government bonds) that give the stablecoin its value.

This foundation allows fiat tokenization to collapse the three traditionally siloed steps of a financial transaction—debiting the payer, crediting the receiver, and final record-keeping —into a single, automated action. This technical convergence enables atomic settlement, a synchronous exchange that offers three transformative benefits:

ALL-OR-NOTHING FINALITY:	Assets and payments are exchanged instantly and simultaneously, ensuring a transfer only occurs if both sides of the obligation are met.
THE END OF THE "WAITING GAME":	By integrating messaging and record-keeping into the transfer itself, tokenization removes the need for financial players to send manual messages back and forth or spend time reconciling disparate internal books.
STRUCTURAL RISK REDUCTION:	Because the system verifies the swap instantly, the risk of one party paying without receiving their asset is virtually eliminated, allowing firms to operate with leaner capital buffers and higher velocity.

By treating settlement as a strategic driver of profitability rather than a back-office burden, forward-thinking institutions are capturing the "new alpha" of the tokenized economy.

The "WhatsApp Moment" for Financial Rails

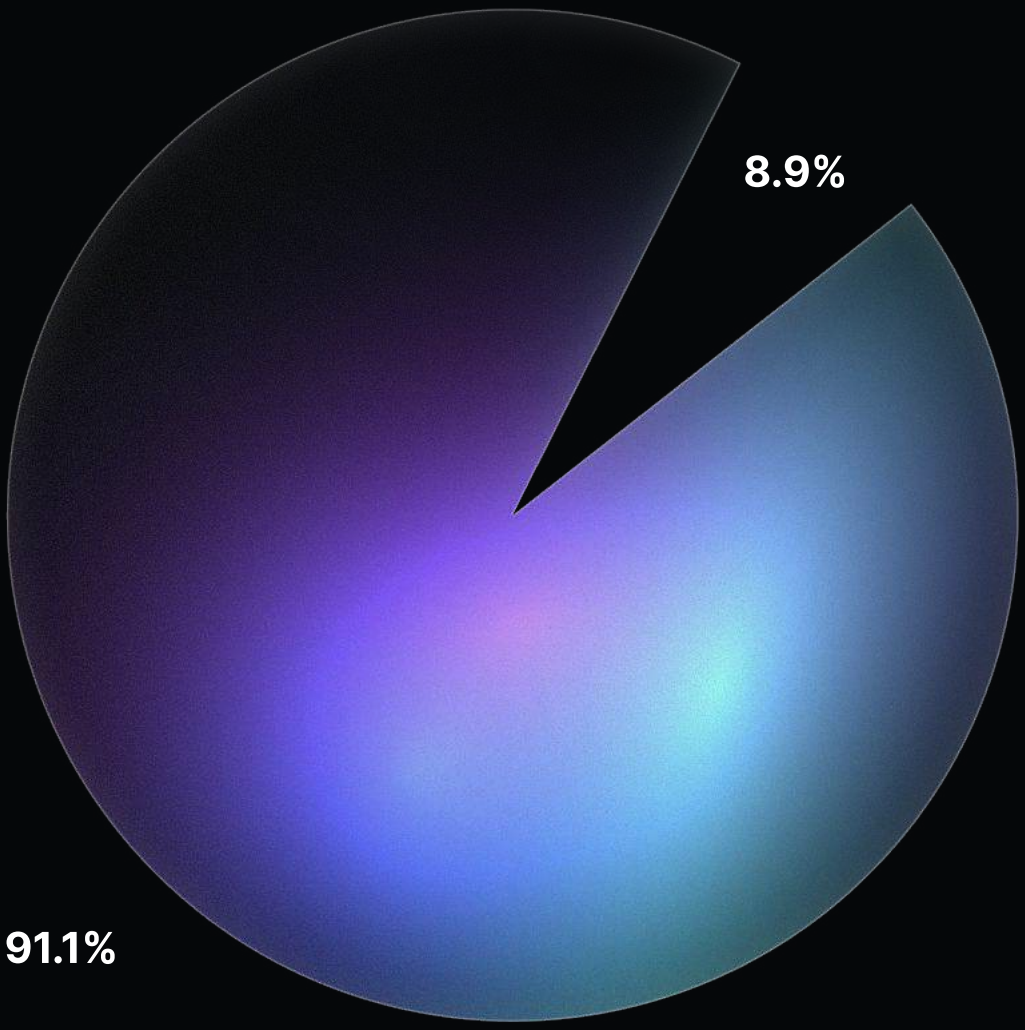
For decades, settlement was viewed as a back-office necessity—a cost of doing business constrained by legacy architecture. Echoing our H1 2025 OTC Report, the breakthrough of stablecoins is considered the industry's "WhatsApp moment." The data continues to back this up: stablecoins' share of institutional OTC transaction volume has surged from a modest 23% in 2023 to a dominant 78% of all OTC trades in 2025, according to the Crypto OTC Markets 2025 report.

With 119% YoY growth, it looks like a wholesale takeover of how institutions bridge the gap between fiat and blockchain.

Despite explosive recent expansion, stablecoins currently account for approximately 7.5% of the total crypto-asset market capitalization. On a broader scale, the sector's impact remains marginal, representing just 0.5% of the total capitalization of the US equities market.

However, the most impactful shift is in the composition of cross-border flows, where their utility in moving value across borders now surpasses that of unbacked assets like Bitcoin. This is driven by their "fiat-backed" nature—where the majority of the market is denominated in U.S. dollars and backed 1:1 by high-quality liquid assets like Treasury bills.

By treating settlement as a strategic driver of profitability rather than a back-office burden, forward-thinking institutions are capturing the "new alpha" of the tokenized economy.



STABLECOIN MARKET CAP:

~$310 Billion

TOTAL CRYPTO MARKET CAP:

~$3–4 Trillion

From "Legacy Rails" to Stateless Money

The current cross-border payment system was not designed; it accumulated through layers of intermediaries added over a century to manage risk in a world lacking real-time computation.

1900S – 1970S:

The correspondent era

Institutional finance relied on a patchwork of bilateral relationships.

Banks opened "nostro" and "vostro" accounts with foreign partners, settling trades via paper ledgers and telegraphs.

1970S – 2010S:

The electronic upgrade

Systems like SWIFT (1977) brought secure messaging but did not move money.

Settlement remained dependent on the same correspondent chains, leading to "trapped capital" and multi-day delays.

2014 – PRESENT:

The rise of stablecoin

Stablecoins reimagined the traveler's check as borderless, stateless promissory notes.

Tether (USDT) broke out in 2017 as a dollar substitute for offshore exchanges , followed by Circle’s USDC in 2018, which set a new standard for compliance and transparency.

Feature	Legacy Rails (Swift/Prefunding)	Stablecoin-Era (Atomic Settlement)
Speed	1–5 business days	Seconds to minutes (24/7/365)
Capital Efficiency	$27T trapped in prefunded accounts	Just-in-time liquidity
Settlement Risk	Herstatt risk; time-zone gaps	Atomic PvP (Payment-vs-Payment)
Cost	3%–13% per transaction	Up to 13x cheaper
Visibility	Opaque; batch audits	Fully transparent on-chain ledger

Stablecoins and institutional crypto OTC markets

By 2025, stablecoins successfully transitioned from niche crypto-native assets to foundational pillars of traditional finance (TradFi). Stablecoins primarily function today as entry and exit points for the crypto market and as a tool for cross-border payments.

The industry crossed a major symbolic milestone of $300 billion in Q4 2025, reaching ~$310B by Jan 2026 — effectively doubling the market supply in just twenty-four months. This explosive growth in supply is matched by soaring utility, as annual transaction volumes have surged to exceed $57 trillion. While stablecoins remain indispensable to the digital asset ecosystem—powering 80% of the trade volume on centralized exchanges—their role has decoupled from mere speculative trading. The current landscape is defined by a significant surge in real-world B2B usage, positioning stablecoin issuers as systemic participants in the global economy.

By mid-2025, major issuers had solidified their status as significant financial powers, ranking among the top 20 global holders of U.S. Treasuries and surpassing the sovereign holdings of industrialized nations such as Germany and Saudi Arabia.

As the industry matures, these existing applications are scaling alongside the emergence of several new utilities:

01.

The primary currency for payments for tokenized assets.

02.

Everyday retail commerce for goods and services, provided there is deeper integration with current merchant infrastructure.

03.

Accessible alternative for domestic financial transactions in regions with underdeveloped banking

As a result, these changes, OTC market participants are no longer just liquidity providers; they have become reconciliation engines that leverage stablecoins, helping economic agents solve global payment friction.

- Atomic settlement as the source of alpha: by utilizing "all-or-nothing" finality, firms virtually eliminate the risk of one party paying without receiving their asset. This allows desks to operate with leaner capital buffers and flexible treasury management transforming settlement from a back-office burden into a strategic driver of profitability.

- The end of trapped capital: traditional rails leave an estimated $27 trillion trapped in pre-funded accounts. Stablecoin-era atomic settlement (T+0) allows for "just-in-time" liquidity, freeing up institutional capital for immediate redeployment.

05.

2026 Crypto OTC Players Survey: Trends, Expectations, and Institutional Market Dynamics

As part of the report, Finery Markets conducted a comprehensive survey of key industry participants, including liquidity providers (LPs), market makers, and prime brokers.

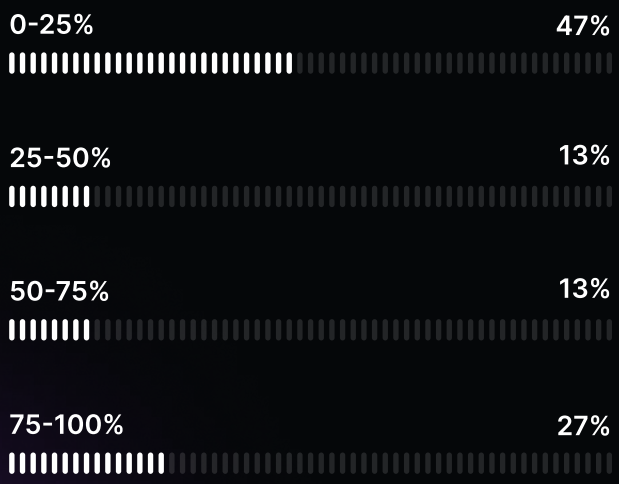
The questionnaire combined single-choice, multiple-choice, and open-ended formats, with qualitative responses consolidated into core insights. Selected conclusions were benchmarked against surveys conducted by Finery Markets in 2024 and 2025.

Conducted anonymously, the poll sought to capture expert market sentiment regarding the forces expected to shape institutional crypto markets in 2026.

01.

In 2025, what percentage of your total trading volume was routed and executed via OTC (RFQ/streaming) versus Centralized Exchange Order Books?

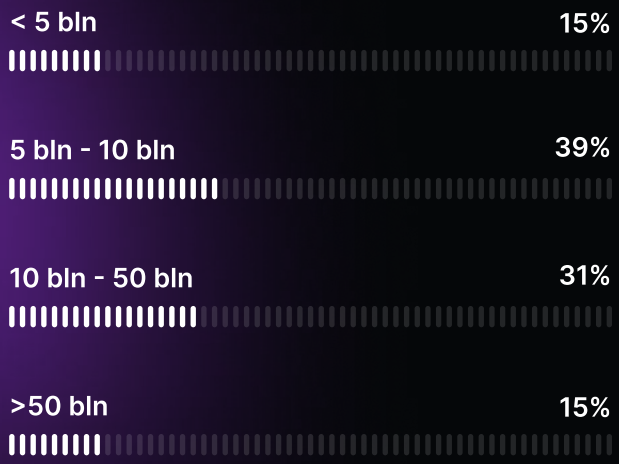
Crypto execution is evolving past CEX-only models. Institutional transactions are increasingly driving a shift toward augmented OTC-based workflows. OTC execution is becoming a structural component of institutional trading, offering TradFi participants a familiar and battle-tested FX market architecture re-engineered for crypto.



02.

What, in your view, was the overall average daily trading volume of OTC crypto spot market, USD

Crypto markets are fragmented by design, and this entropy accelerates across regulation, asset types, and trading venues. OTC further compounds this, leaving market observers without independent tools to fully quantify its dynamics.



03

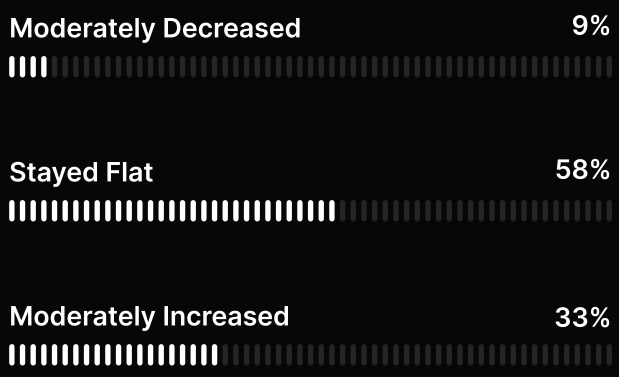
Did your spread capture (margins) increase or decrease in 2025 compared to 2024?

“Infrastructure,” “bridges,” and “market connectors” dominate crypto B2B positioning. In 2025, competition for institutional flow escalated into a race-to-the-bottom pricing spiral. As a result, 75% of firms report margin compression.

04.

How has the ratio of 'toxic flow' (informed predatory trading) changed over the last year?

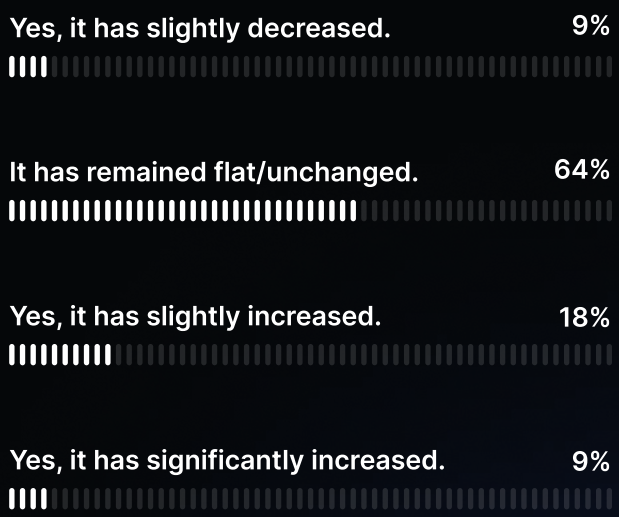
Stable toxicity levels combined with broad margin compression suggest LPs are optimizing for scale and cost efficiency. In traditional markets, such dynamics typically signal structural maturation, characterized by low-margin, high-scale competition in institutional liquidity provision.



05.

Have you adjusted your rejection rates?

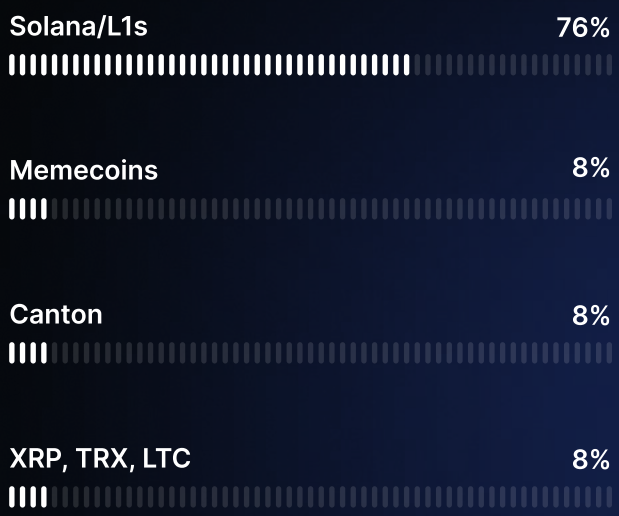
Rejection dynamics remain largely stable. In 64% of cases, firms report unchanged rejection rates despite intensified pricing pressure. Liquidity providers appear to be absorbing competitive pressure through operational efficiency rather than execution gatekeeping.



06.

Excluding BTC, ETH, and Stablecoins, which asset category dominated your flows in 2025?

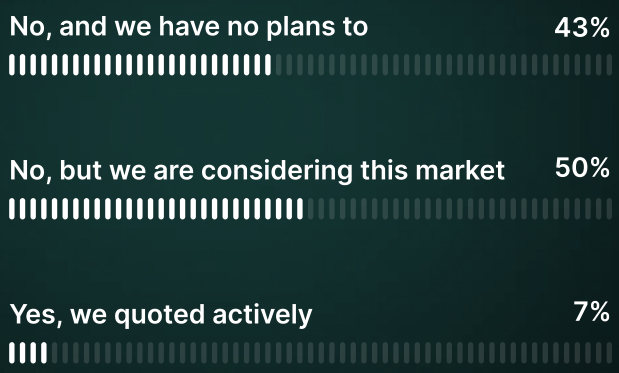
Besides BTC, ETH, and stablecoins, Solana and alternative L1s have emerged as the dominant institutional choice, reflecting a preference for scalable smart-contract infrastructure. This echoes the findings of our 2025 Results & Trends report, which showed Solana's increasing share in institutional crypto flow.



07.

Did you actively quote markets for tokenized real-world assets (Treasuries, gold, private Credit etc) in 2025?

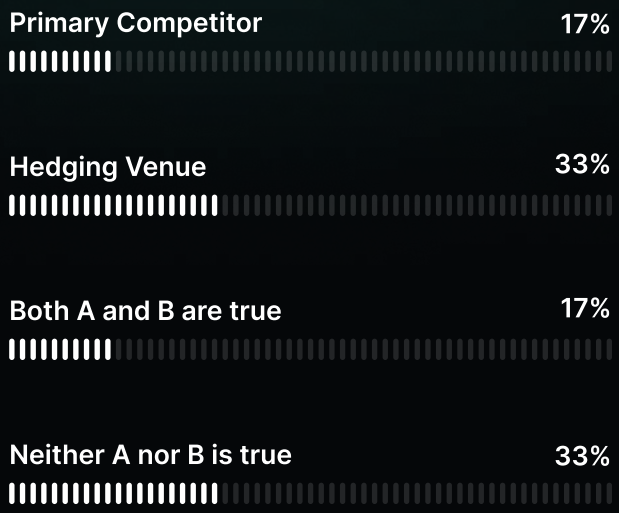
RWA polling highlights a pronounced split between optimism and skepticism. While a majority of institutions are evaluating RWA quoting as a prospective on-chain growth driver, 43% see no clear trading use case yet and are unwilling to commit resources to further development.



08.

Do you view DeFi aggregators/DEXs as a primary competitor for your OTC flow, or do you utilize them as a hedging venue?

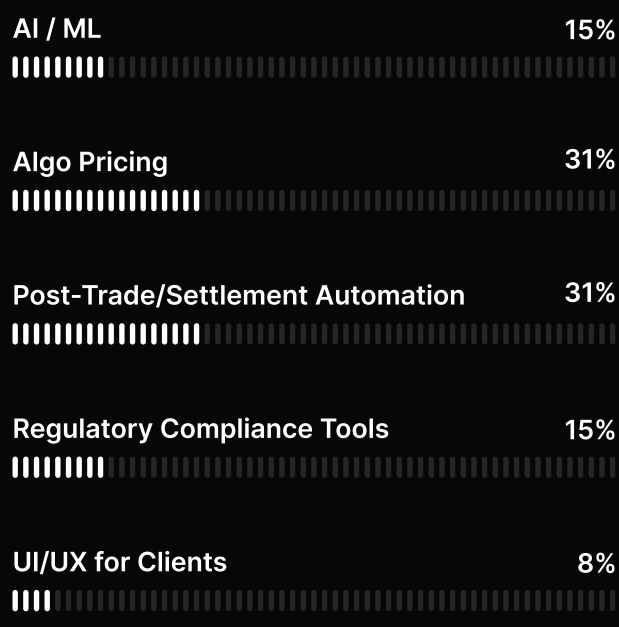
DeFi infrastructure functions more as auxiliary institutional liquidity plumbing than as a direct threat to OTC execution models. Rather than displacing OTC desks, DEXs and aggregators are increasingly integrated as hedging rails. This points to a layered market structure in which CEX, OTC, and DEX venues remain in constant realignment to meet Institutional demand.



09.

What is your #1 technology investment for 2026?

Institutional priorities have shifted toward efficiency, scale, and infrastructure hardening. Algo pricing and post-trade automation lead 2026 investment plans. Infrastructure, not expansion, defines the next phase.



10.

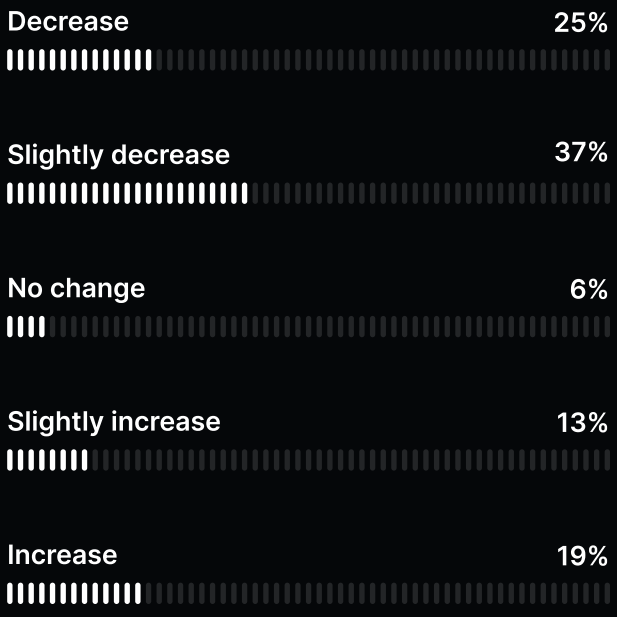
Do you expect crypto-friendly banking access to improve or deteriorate in 2026?

Emerging regulatory clarity has warmed expectations for crypto-friendly banking access to improve in 2026. This represents a notable reversal from the post-FTX freeze, when de-risking and tightened compliance thresholds drove crypto deintegration from banking rails.

11.

Do you believe the number of active OTC Liquidity Providers will shrink (consolidation) or grow (new entrants) in 2026?

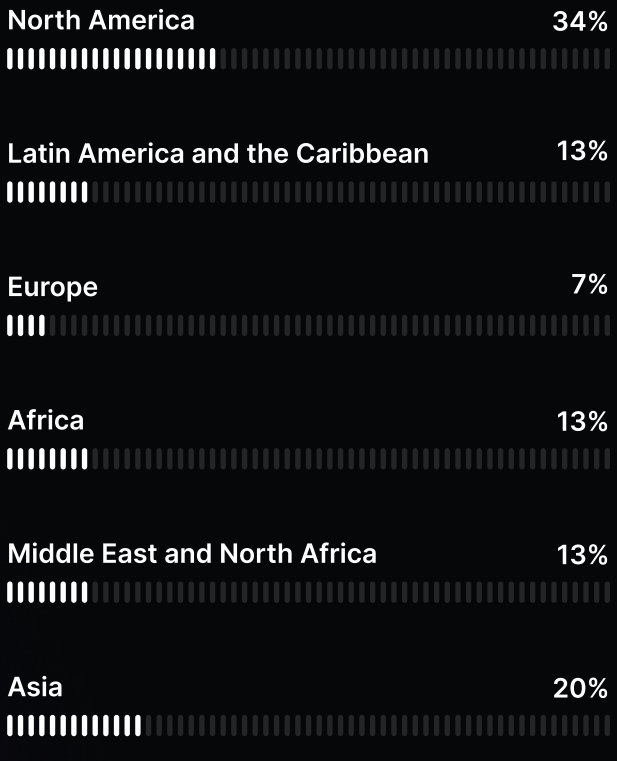
In a market increasingly defined by scale, pricing precision, and operational efficiency, sub-scale providers may face an impending consolidation wave. Against this backdrop, the emergence of larger players expanding through M&A strategies appears to be a matter of time.



12.

In which region do you anticipate the highest increase in demand for crypto spot OTC trading over the course of 2026

Following MiCA-driven regulatory formalization, Europe appears to be losing relative growth leadership. In 2024, LPs identified the EU as the fastest-growing crypto spot market; however, sentiment for 2026 increasingly gravitates toward North America and Asia.



13.

What are your expectations for the growth of trading volumes in the spot OTC market in 2026, in %, YoY?

The October 10th market crash and the sharp price swings that followed likely tempered growth expectations for 2026. Notably, 80% of market participants place a 30% ceiling on OTC spot growth over the next 12 months.