

Q1 2026

Crypto OTC market dynamics

An institutional trading review by Finery Markets and Caladan

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Methodology

Finery Markets analyzed over 5.2 million institutional spot crypto trades executed on its technology platform in the first quarter of 2026.

Our proprietary data reflects activity from a diverse range of participants, including market makers, payment providers, brokers, OTC desks, hedge funds, and custodians.

The findings presented in this report are based on this sample and highlight aggregated trading behavior, volume distribution, and key market trends.

Key numbers

CRYPTO SPOT OTC TRADING VOLUME YOY:

+43%



ETH VOLUME YOY:

+215%

BTC VOLUME YOY:

-4%

EURC VOLUME YOY:

+41x

OTC TRANSACTION COUNT YOY:

+160%

Q1 2026 wrap-up by Caladan

Our long-term partner Caladan provides an exclusive institutional analysis of the key forces that shaped crypto markets in Q1 2026.

MACRO ENVIRONMENT

Two forces defined Q1: a Federal Reserve policy pivot and a geopolitical shock in the Middle East.

In December 2025, the Fed ended quantitative tightening and began purchasing Treasuries at \$40 billion per month, expanding its balance sheet while inflation remained at 3%. The dollar fell 9.6% on the DXY in 2025, its worst year since 2017. Gold responded with its strongest year since 1979 (+65%), breaking \$5,000/oz in January. Silver surged 140%. In February, Trump nominated Kevin Warsh as Fed Chair, signaling a shift toward liquidity discipline.

In February, escalating geopolitical tensions in the Middle East resulted in a de facto closure of the Strait of Hormuz.

Brent crude hit \$119.50 intraday on March 9, the largest single-day move since at least 1988. VLCC tanker rates tripled year-to-date. Qatar declared force majeure on gas contracts. February payrolls showed a loss of 92,000 jobs. Trump's de-escalation rhetoric pulled Brent back toward \$94, but Iran's newly appointed Supreme Leader showed no willingness to negotiate.

BITCOIN AND DIGITAL ASSETS

Bitcoin entered Q1 at roughly \$87,000, already down from its \$126,296 all-time high in October 2025. The drawdown deepened to 46%, with BTC ending March near \$68,000. The "digital gold" thesis faced its hardest test: gold surged while BTC fell 6.3% in 2025 despite every condition bulls cite as favorable (balance sheet expansion, deficit monetization, dollar weakness). By late February, BTC traded with 88% correlation to the Nasdaq, behaving as a risk asset.

The Iran shock sent BTC to \$63,000. It recovered to \$69,000 by Monday, March 2, cushioned by prior deleveraging. Around 152,000 retail traders were liquidated while sovereign funds (Mubadala, Al Warda) and Strategy accumulated. ETF holders showed resilience: total AUM fell only 6% despite a 50% price decline from the October high, and cumulative inflows reached \$1.5 billion between late February and mid-March. Tokenized gold was the breakout: PAXG and XAUT volumes exceeded \$1 billion on March 3 as capital rotated within crypto rather than exiting. This had no precedent in prior geopolitical shocks.

REGULATORY DEVELOPMENTS

Q1 delivered the most significant U.S. regulatory progress since the spot Bitcoin ETF approvals. On January 29, the SEC and CFTC launched "Project Crypto" and signed a formal MOU on March 11 covering shared asset definitions, clearing frameworks, and coordinated surveillance. Both chairs stated that most digital assets in secondary markets are not securities.

The CLARITY Act advanced through committee, proposing to authorize banks to custody, trade, and intermediate digital commodities. The bill names 16 digital commodities under CFTC oversight, with tokens sold as investment contracts remaining under the SEC until certified as sufficiently decentralized. The April markup is the critical milestone: if the bill clears committee by May, the commodity taxonomy becomes structurally durable.

The November 2026 midterms emerged as the largest unpriced variable. A Democratic Senate sweep would pass the AML Act, extending Bank Secrecy Act obligations to DeFi protocols and non-custodial wallets. BTC is insulated by three independent protections regardless of outcome, while DeFi tokens face the most asymmetric downside. Iran added political uncertainty: Democratic Senate odds on Kalshi rose 11 points in two weeks.

DEFI AND TOKEN MARKETS

On-chain lending reached \$67.4 billion in January 2026, up from \$19.7 billion in early 2024, with RWA integration entering DeFi as collateral. Crypto buybacks underperformed: data from 109 projects showed most failing to deliver sustained token value. Institutional outlooks from 22 major firms projected BTC at \$150,000 to \$200,000 and ETH at \$6,000 to \$8,000, though these same firms overshot 2025 targets by 40 to 60 percent. Galaxy Digital declined to issue a 2026 target entirely.

Trading dynamics in Q1 2026

Q1 2026 total OTC spot volume grew 43% YoY, extending the recovery that re-emerged in November and December 2025 (+48% and +62%, respectively) following the October 2025 market crash.

However, this is a steep compression from the segment's elevated triple-digit 2024–2025 baseline. We view this trend as a constructive normalization rather than a full re-acceleration.

Stablecoin OTC volumes grew +59% YoY, while crypto-to-stablecoin flows surged +82%, highlighting the asset class's steady transition to universal financial infrastructure. Crypto-to-crypto and crypto-to-fiat conversions remained in contraction at –60% and –37% YoY respectively.

The competitive context sharpened notably in Q1. Top 20 centralized exchanges shed 45% of volume YoY, while DEXs gained 39% over the same period — a divergence that positions OTC and decentralized rails as the net beneficiaries of an evolving market structure, with CEX-anchored dominance in retreat.

Looking ahead, Q2 and the remainder of 2026 will be the real test. Global macro turbulence is intensifying, and it remains to be seen whether the pro-crypto regulatory tailwind that fueled the 2024–2025 expansion cycle still has fuel in the tank.

Crypto OTC spot volume, YoY growth

January

63%

February

44%

March

25%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Cross-venue liquidity analysis

Q1 2026 confirms the continuation of the venue rebalancing observed throughout 2025. OTC markets and decentralized exchanges delivered positive YoY growth of +43% and +39%, respectively, while the top 20 CEXs volumes contracted by 45% over the same period.

At the monthly level, trends diverged across venues. OTC volumes moderated sequentially, with YoY growth decelerating from +63% in January to +44% in February and +25% in March, indicating a normalization following a strong start to the year.

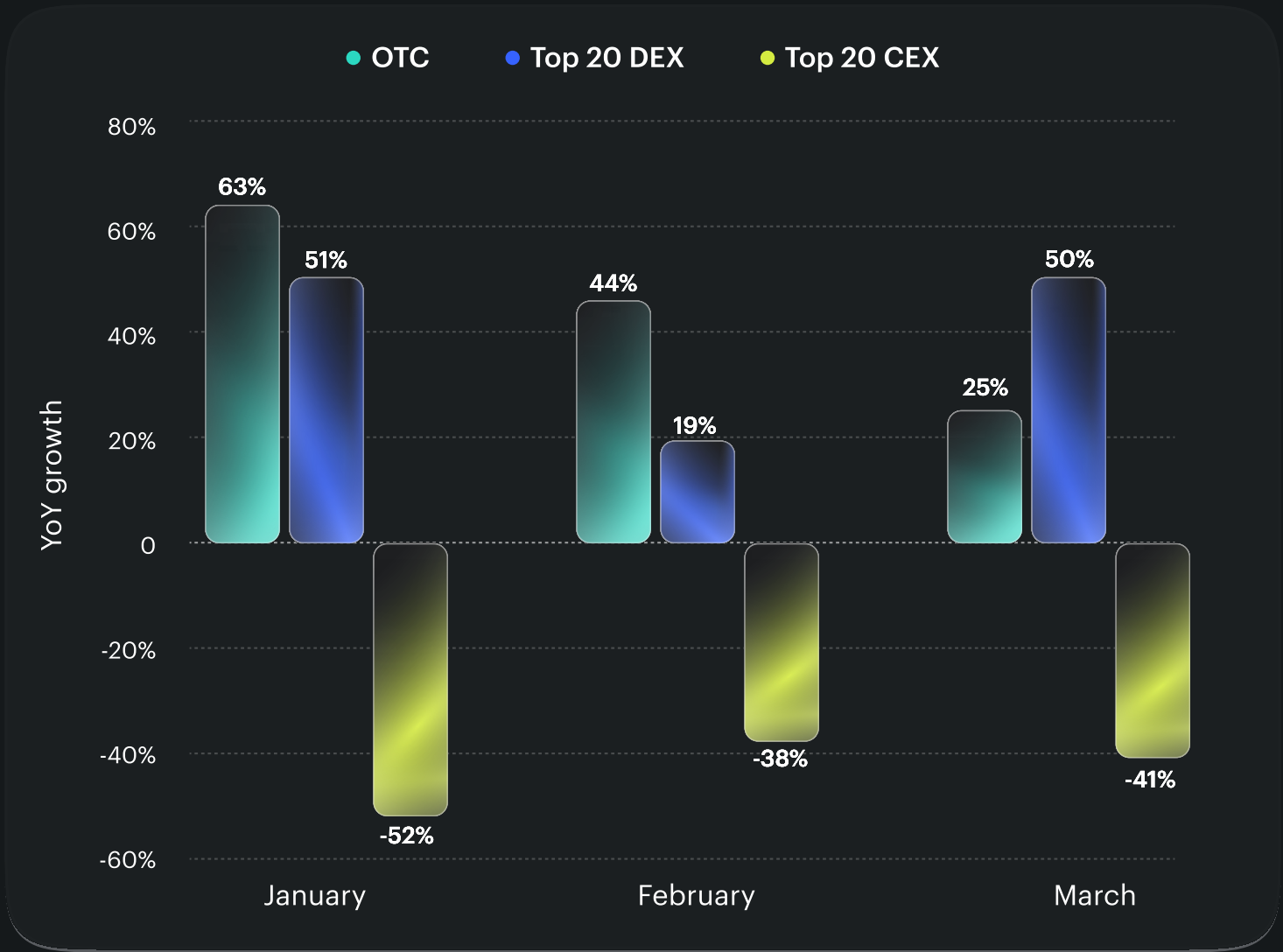
DEX activity remained more volatile, with a softer February (+19%) flanked by robust January and March prints (both ~+50%).

In contrast, spot volumes across the top 20 CEXs remained under sustained pressure in Q1 2026, contracting –45% YoY at the aggregate level. The decline was consistent throughout the quarter, with monthly volumes down –52% in January, –38% in February, and –41% in March.

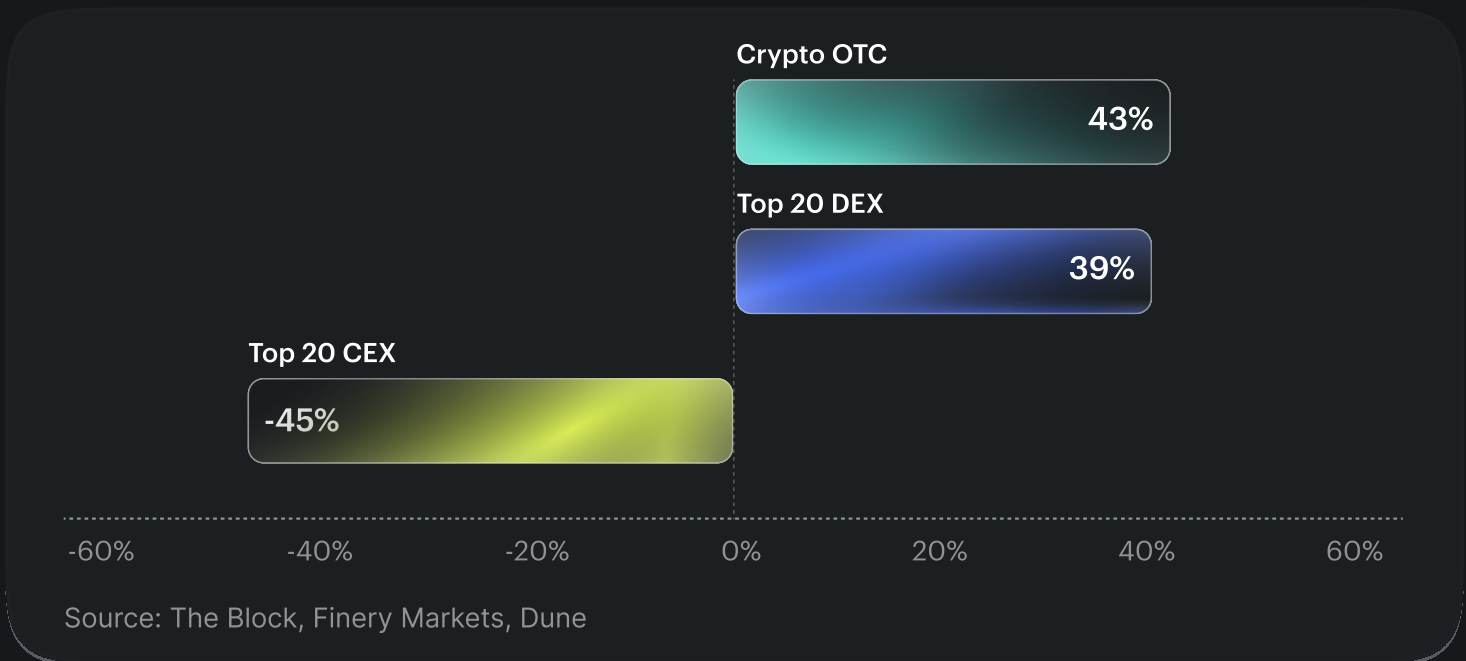
Placed in a broader context, the shift is structural rather than cyclical. By year-end 2025, OTC spot volumes had expanded +109% YoY, materially outpacing the +9% growth observed across CEXs.

This divergence reflects a continued migration of institutional flow toward off-exchange execution. Large-block trading increasingly favors OTC rails, driven by requirements for execution discretion, reduced market impact, and increased capital efficiency — a transition consistent with the historical evolution of FX market structure.

Crypto spot market dynamics (Q1 2026)



CEX vs DEX vs OTC: YoY Growth (Q1 2026)



Institutional crypto flow breakdown

Institutional OTC flow in Q1 2026 became more concentrated in majors, with Ethereum and Bitcoin jointly accounting for 74% of total volume, up from 62% in Q1 2025. This increase in concentration was driven by a sharp rise in ETH allocation (20% → 41%), while BTC's share declined materially (42% → 33%).

The scale of ETH expansion is notable and, while clearly reflected in the data, remains early to interpret conclusively. It may point to growing institutional engagement with Ethereum's layer-2 infrastructure, tokenization use cases, and ETF-related inflows, though further data across 2026 will be required to truly validate these dynamics.

Overall, the quarter reflects a reweighting within majors rather than a broad-based expansion across the asset spectrum.

Asset	Q1 2026	Change vs Q1 2025 (pp)
 ETH	41%	+21↑
 BTC	33%	-9↓
 LTC	9%	-1↓
 SOL	6%	-7↓
 TRX	5%	+1↑
 XRP	3%	-4↓
Other	3%	-1↓

Stablecoins

Stablecoins volumes increased +59% YoY in Q1 2026. Their share of total trades rose to 82%, up from 76% in Q1 2025, reinforcing their dominance as the preferred settlement and liquidity medium.

Within the segment, EURC recorded exceptional growth (41x YoY), albeit from a low base. While partly reflective of early-stage scaling, the expansion is also consistent with shifting regulatory dynamics in Europe. The implementation of MiCA has led to the delisting of non-compliant USD stablecoins across major EU venues, accelerating adoption of regulated alternatives, particularly euro-denominated instruments.

EURC's strong performance in institutional crypto trading is consistent with findings from the [Beyond Dollarization report by Dune and Visa](#), which documents rapid expansion in non-USD stablecoins.

Euro-denominated stablecoins dominate this segment, accounting for over 80% of market capitalization and roughly 85% of transfer volume, making them the fastest-growing component of the local-currency stablecoin ecosystem.

However, EURC still accounts for a limited share of the global stablecoin market. At present, its upward trajectory is therefore best interpreted as a regional reconfiguration of stablecoin usage, rather than a structural displacement of USD-denominated liquidity.

About Finery Markets

Finery Markets is a leading infrastructure provider for institutional digital asset trading, offering a non-custodial crypto ECN and trading SaaS. The company's hybrid, crypto-native ECN technology enables trading via order book, RFQ, or quote streams.

Launched in 2019, Finery Markets has surpassed \$50B in cumulative trading volume and serves 150 institutional clients across 41+ countries, including payment providers, brokers, OTC desks, hedge funds, and custodians. In 2024, the company was recognized in the Deloitte Technology Fast 50 competition. In 2025, Finery Markets was named among the Top 300 Fintech Companies by CNBC and Statista.

Finery Markets hosts [“The Flow”](#), a C-level institutional crypto podcast that explores the development of the digital assets market structure.

Learn more at finerymarkets.com

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