

HALF-YEAR 2026: EXCHANGES & INSTITUTIONS

AUGUST 2026



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01 / Key Takeaways

- **Scale has become a liquidity advantage as activity broadens across products.** Trading volumes remained cyclical through H1, while reserves, stablecoin balances and market depth stayed concentrated around the largest platforms, with Binance's market share and liquidity position demonstrating the benefits of scale.
- **Exchanges are evolving into financial superapps.** Payments, event markets, AI, social, and TradFi products are expanding exchanges beyond crypto trading. Emerging markets now represent 77% of Binance users and 83% of multi-product users, while Gen Z accounts for 44-48% of its TradFi user base, inferring that adoption is strongest where one funded account can replace fragmented financial access.
- **Traditional assets became the clearest incremental growth engine.** TradFi perps volume exceeded US\$1.6T through July, users acquired more than US\$1B of direct equities within the first month and pre-IPO perpetuals reached US\$2.5B in 18 days. Tokenized equities extended this access beyond conventional hours: 62% of July bStocks activity occurred while U.S. markets were closed, and weekend prices incorporated a median 92% of the subsequent Monday opening gap.
- **Stablecoin growth slowed, but usage diversified.** Supply closed H1 at US\$311B, with net growth of US\$5B masking a Q2 stall as June alone shed US\$8B. TradFi-linked products increased from 1.7% to ~12% of stablecoin-settled trading volume, even as crypto volumes contracted. On-chain transfers exceeded US\$1T every month, totalling US\$8.8T, with USDC processing 65% of June volume on less than a quarter of supply, equivalent to roughly five times more transfer volume per dollar of supply than USDT.
- **Payment demand decoupled from trading.** Crypto card spending rose 35% to US\$629M in June, while x402 agent settlement reached a record US\$11M before tripling again in July.
- **Institutions moved beyond holding digital assets toward operating the infrastructure around them.** Visa's stablecoin settlement activity reached a US\$7B annualized run rate, tokenized Treasury and cash funds surpassed US\$15B. Nasdaq, NYSE and LSE also advanced extended-hours models, while staking and covered-call wrappers broadened how ETH and BTC can fit income-oriented mandates.
- **Institutional ownership became more selective rather than uniformly weaker.** Digital asset treasury companies faced their first material financing stress test as equity premiums compressed and some vehicles became sellers. Spot BTC ETF holdings fell 17% in Q1, but hedge funds and brokerages accounted for ~96% of the reduction; advisors trimmed only 5.9%, while bank holdings more than doubled.
- **Regulation moved from framework design toward implementation, but at different speeds.** Europe and major Asian financial hubs began supervising live regimes, while the UK finalized its rulebook and Taiwan enacted its first dedicated statute. The U.S. advanced market structure reform, but the CLARITY Act remained short of passage, widening the gap between jurisdictions already enforcing comprehensive frameworks and those still negotiating them.

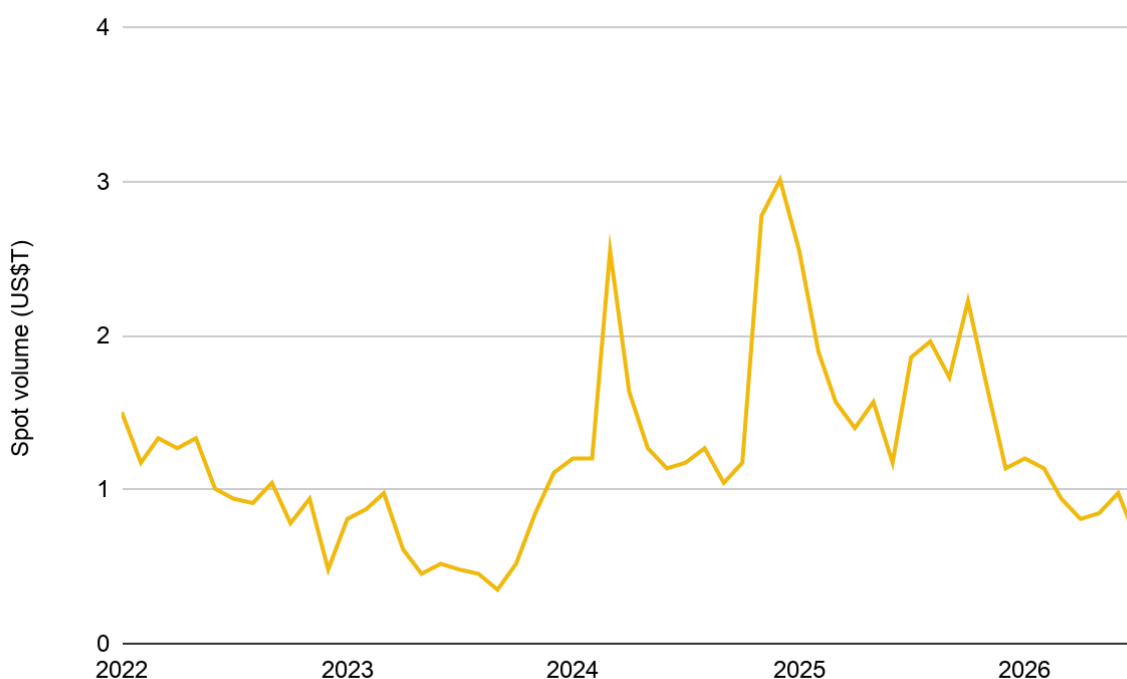
02 / Exchanges

2.1 Market Share Shifts

H1 2026 marked the point at which exchanges began turning their 2025 expansion strategies into visible product execution, extending into a broader set of financial markets and services. **Growth is no longer confined to digital-asset spot and derivatives:** multi-asset trading, payments, tokenization, event markets, AI and social integrations are extending the industry into markets that previously sat outside it.

Total spot volume declined from the peaks reached in late 2024 and 2025, with activity falling under US\$1T, although this remained above several monthly lows recorded in 2023. While part of this reflects the **cyclical reset in broader crypto markets**, the key difference from prior downturns is that exchange growth is no longer tied solely to traditional crypto trading, with activity also expanding across a wider set of products and market categories.

Figure 1: Spot trading volumes decline with the market retracement but remain above 2023 lows



Source: The Block, Binance Research, as of July 31, 2026

Futures volumes followed the same broader retreat, although June provided a temporary improvement in activity. Combined spot and derivatives volume on centralized exchanges rose 13.0% MoM to US\$4.99T, the **first monthly increase in five months**. Spot volume increased 15.3% to US\$1.11T, while derivatives rose 12.1% to US\$3.88T, reducing derivatives' share of combined activity to 77.7%. BTC futures open interest nevertheless remained below its earlier highs, falling from ~US\$41B in January to around US\$29B at end-June before recovering to nearly US\$32B in July. Positioning therefore improved modestly from its H1 low but remained below the levels seen at the start of the year.

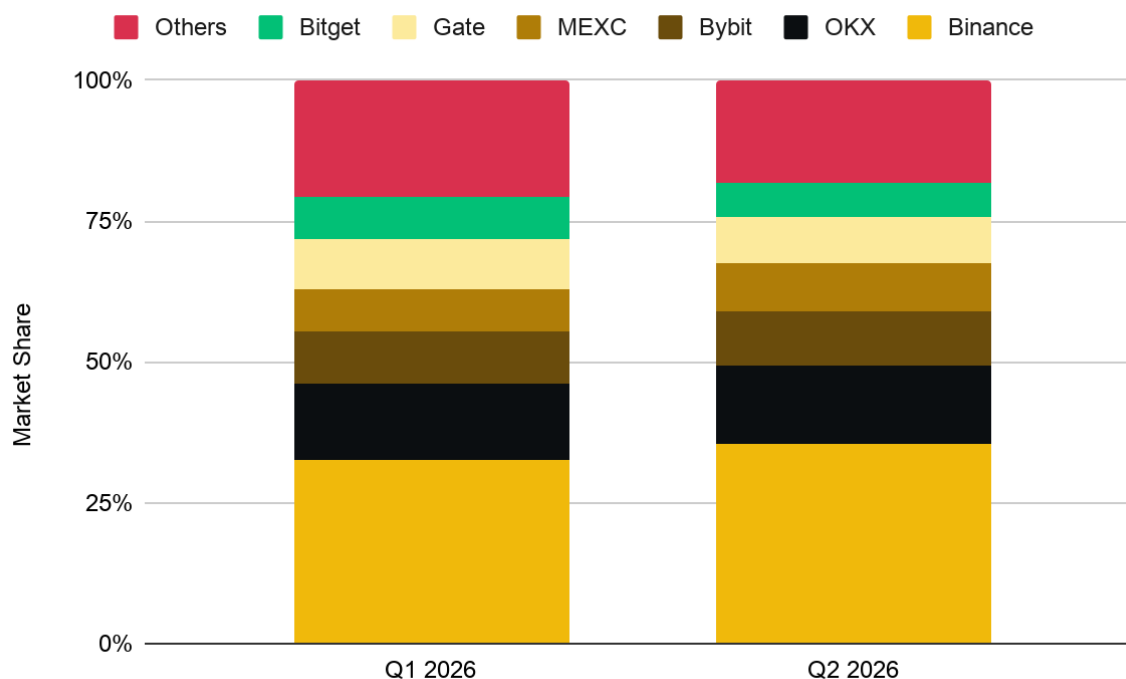
Figure 2: BTC futures open interest declines through H1 before a modest July recovery



Source: The Block, Binance Research, as of July 31, 2026

At the exchange level, **softer market activity coincided with greater concentration.** Binance increased its share of total volume from ~32.8% in Q1 to ~35.3% in Q2, a 2.57 percentage-point gain and the largest increase across tracked exchanges in the period. The share gain from the highest starting base indicates that Binance retained trading activity more effectively than the broader market even as conditions weakened.

Figure 3: Market share became more concentrated in Q2 2026, with Binance widening its lead through the largest QoQ gain

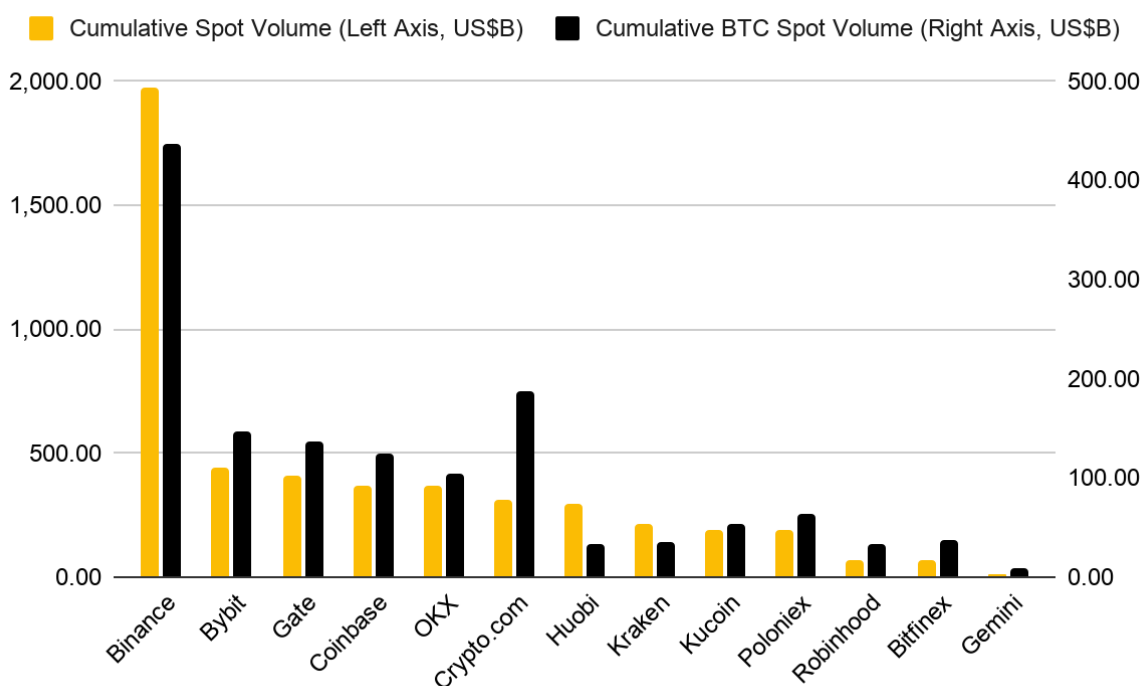


Source: TokenInsight, Binance Research, as of July 20, 2026

Looking more closely, **derivatives contributed to this relative gain.** Binance recorded US\$1.59T in June derivatives volume, representing a 41.1% market share, up 3.79 percentage points YTD. Against weaker overall trading activity, the increase means Binance captured a larger proportion of the derivatives market, consistent with **liquidity becoming more concentrated** on the largest venue.

Spot data shows that this **scale was broad-based rather than dependent on any single asset alone**. Across tracked exchanges, Binance recorded US\$1.98T in cumulative spot volume through H1, equivalent to 40.2% of total activity and ~4.5 times the next-largest venue. It also recorded US\$436.1B in cumulative BTC spot volume, representing 31.1% of the tracked total and ~2.3 times the next-largest venue. BTC accounted for 22.1% of Binance's own spot volume, indicating that its lead extended across the broader digital asset market while retaining the largest BTC liquidity pool.

Figure 4: YTD cumulative total spot volume and cumulative BTC spot volume

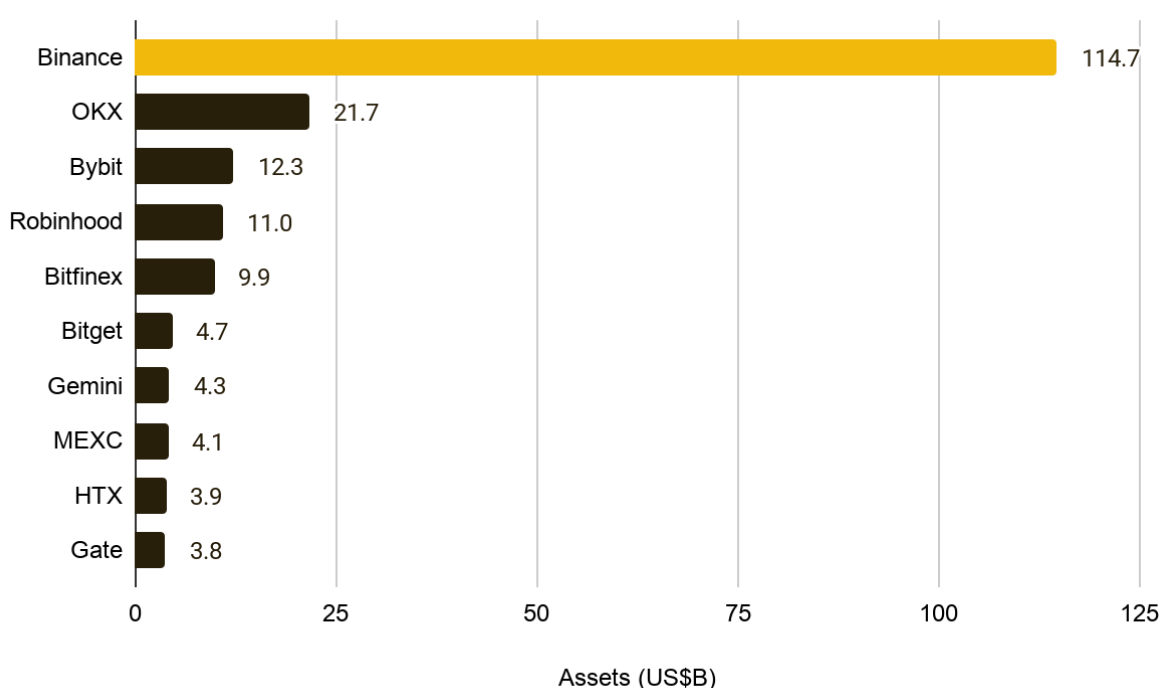


Source: Glassnode Studio, The Block, Binance Research, as of July 31, 2026

The same concentration is visible in exchange reserves. Though unlike trading volumes, which can move quickly with market conditions, **reserve balances reflect the stock of assets held on-platform**, providing a more persistent measure of platform scale and liquidity depth. On July 2, Binance held US\$114.7B in reserves (excluding native exchange tokens), equivalent to approximately 5.3 times the next-largest disclosed balance and more than the combined reserves of the next several tracked exchanges.

Reserve composition was broadly consistent across the largest platforms. BTC, ETH and stablecoins accounted for 89.5% of Binance's disclosed reserves, with stablecoins representing the largest share. Other leading venues showed a similar ordering, with stablecoins and BTC comprising the largest shares, although reserve mixes became more varied further down the ranking. Binance therefore combined the largest absolute reserve base with a composition concentrated in the market's most liquid assets.

Figure 5: Reserves across the top 10 disclosed-reserve exchanges

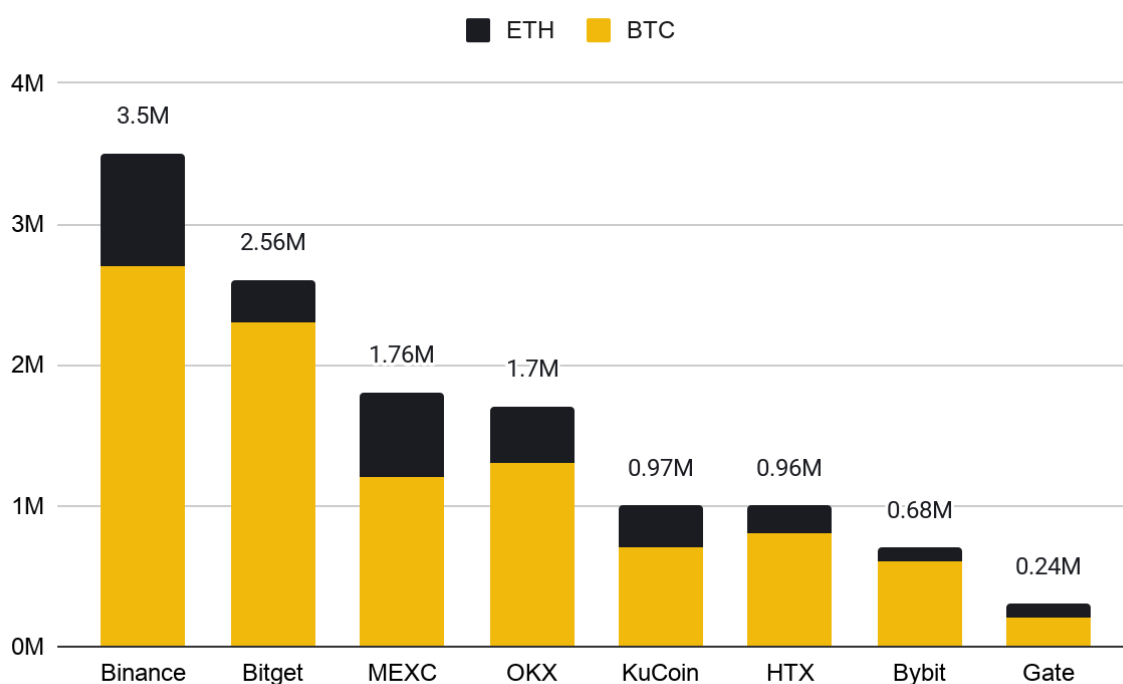


Ranked among exchanges with publicly verifiable proof-of-reserve wallets. Reserves excluding the exchange's own token, to avoid self-issued supply inflating the solvency signal

Source: DeFiLlama, Binance Research, as of July 2, 2026

Reserve scale becomes more meaningful when it translates into executable market depth. At the 0.03% price band, combined BTC and ETH spot depth reached US\$3.5M on Binance, ~36.7% above the next-deepest exchange and 2.2 times the average of the next five exchanges tracked. At this wider band, the advantage is most relevant for larger orders, where deeper books can absorb greater size with less price impact, linking platform scale more directly to execution.

Figure 6: Cumulative spot depth (0.03%)



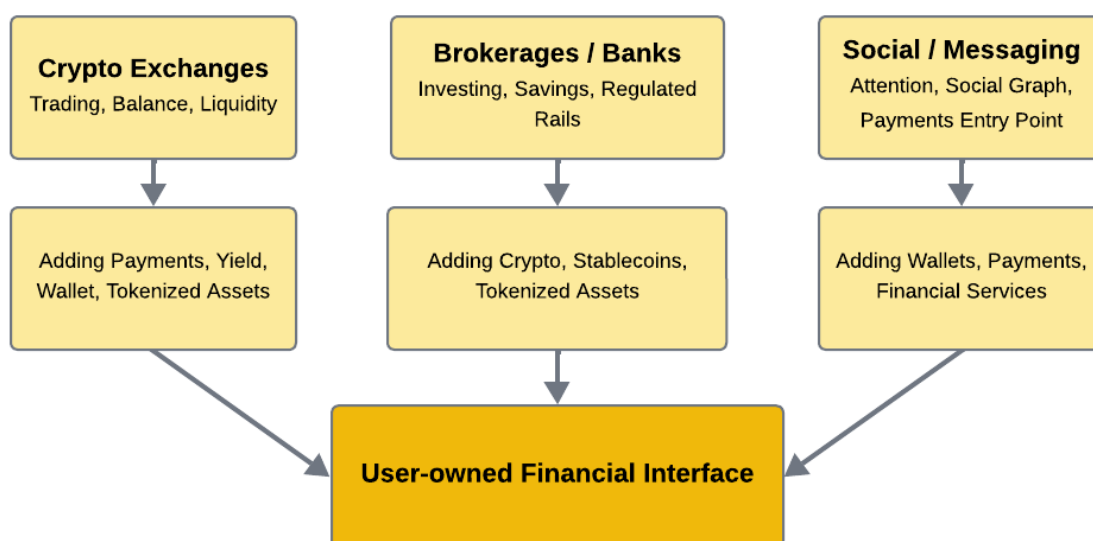
Source: TokenInsight, Binance Research, as of July 14, 2026

2.2 The Superapp Model Takes Shape

The exchange platform scale established across trading, reserves and liquidity is now being extended into broader financial infrastructure. Exchanges are adding payments, yield products, tokenized assets, social and AI features; brokerages and banks are integrating crypto, stablecoin settlement and tokenized products; and social platforms are introducing wallets and financial services. Although each begins from different positions, these platforms are converging toward a common model in which identity, balances and a broader range of financial activity sit within a single interface.

A **financial superapp** is therefore best understood as an aggregation layer built around one verified and funded account. Once a platform holds that account, the marginal cost of adding another financial function falls sharply, helping explain why equities, perpetuals, savings and payments are **converging within a single interface** rather than being built as separate businesses. The central question is which platforms can combine these functions within an interface that users return to frequently enough for the broader product suite to matter.

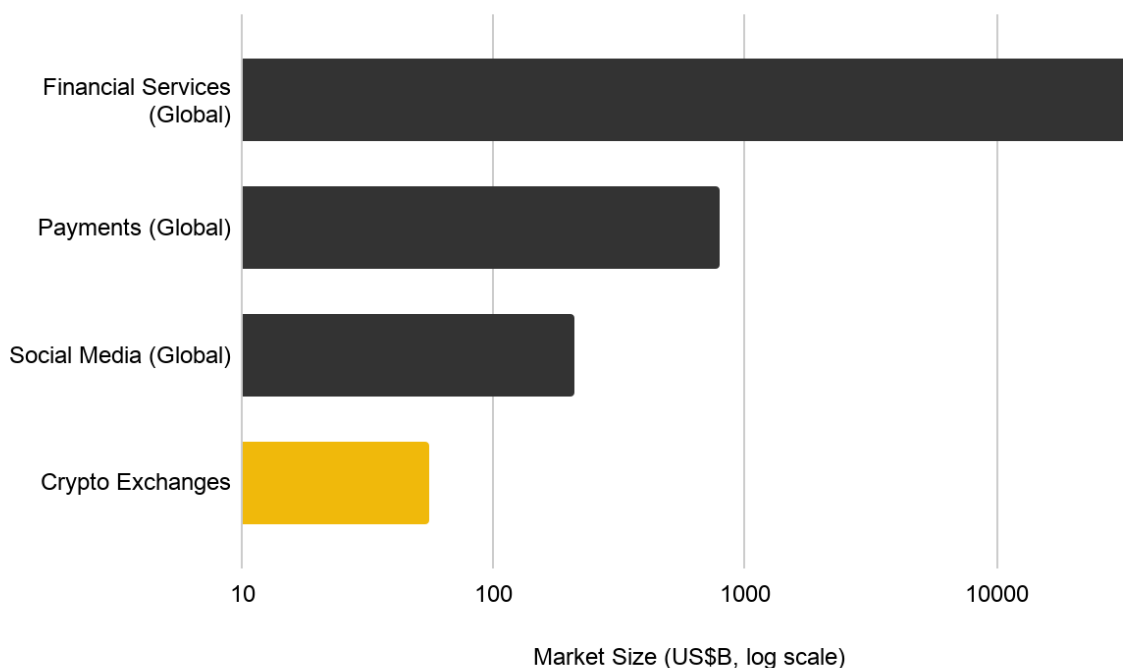
Figure 7: The path to financial superapps is driven by convergence



Source: Binance Research

This convergence expands the addressable market. The size of the pool makes the case for a financial superapp: at a high level, the global financial services market size is roughly US\$36T, payments US\$788B, and social platforms US\$208B. Exchanges sit at around US\$55B. These figures are not directly comparable, but illustrate **the scale of adjacent activity that exchanges can begin to serve**. Even modest capture of these new markets represent a pool that is orders of magnitude larger than the traditional base.

Figure 8: Superapps expand the crypto market pie



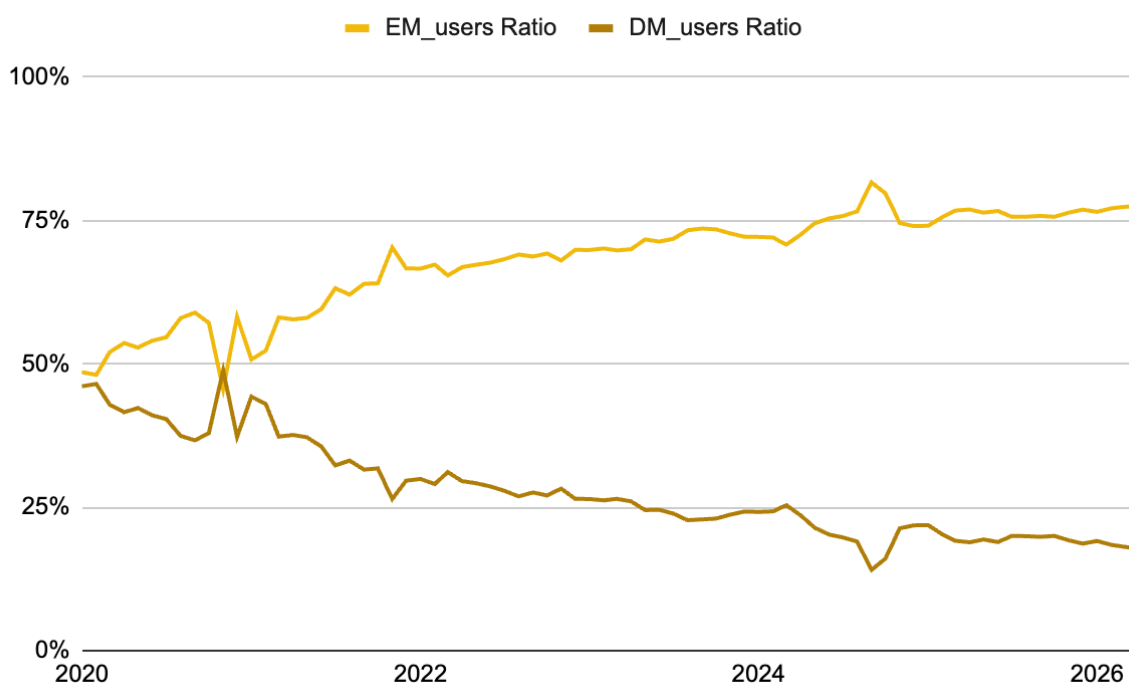
Source: The Business Research Company, Statista, Binance Research

Payments represent a natural extension because **stablecoins** already connect account funding, settlement and cross-border transfers. **Tokenization** extends the same balance into financial ownership and collateral, while **event markets** broaden the range of tradable outcomes. **AI and social** integrations can reduce discovery friction and strengthen distribution, while **other financial market assets** give users reasons to retain balances across market cycles rather than funding an account only during periods of crypto volatility.

Exchanges are well placed to coordinate these layers because they already combine identity, compliance, custody, liquidity and global distribution within a funded account. Their advantage is not simply the number of products offered, but the ability to move one balance across them with less delay and operational friction. This is particularly relevant for those with scale and in markets where brokerage access, currency conversion and trading hours remain restrictive.

The strongest early demand is appearing in places defined by the widest formal-sector gap. Emerging market users increased from 49% of Binance's user base in 2020 to 77% in 2026, while 83% of users holding two or more products are based in emerging markets, indicating that **multi-product engagement is also concentrated in these regions**. 28% of users with balances above US\$10 hold at least half their portfolio in stablecoins, up from 4% in 2020, rising to 36% in emerging markets, where 73% of all stablecoin savers globally reside. The pull factors are structural; roughly **1.3B adults remain unbanked**, despite **900M of the unbanked already owning a mobile phone**.

Figure 9: Emerging market users account for a growing share of adoption

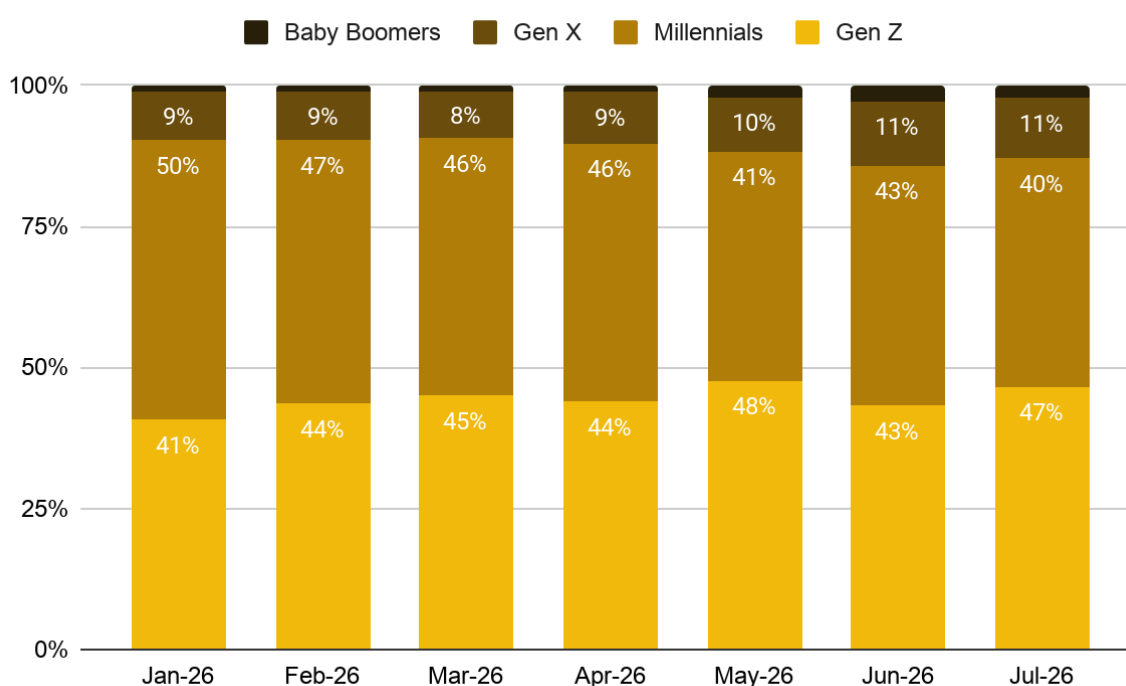


Source: Binance Research, as of July 31, 2026

Age represents a second major adoption axis. **Gen Z is the largest cohort** across Binance's TradFi suite, representing 44% of direct stocks and bStocks users, 45% of TradFi perps users and 48% of users who have adopted all three products. Its share of newly onboarded TradFi users increased from 41% in January to 47% in July, indicating that participation continued to broaden as the product suite matured. The cohort generated approximately US\$80B of TradFi volume YTD, with monthly activity growing by around 24%, despite holding the lowest capital per user of any generation.

The data challenges the assumption that younger users necessarily concentrate in the highest-risk products. Leveraged ETFs accounted for 5.9% of Gen Z volume, the lowest share of any generation and below the 8.1% recorded among Baby Boomers. Younger emerging market users also traded an average of 2.6 times per day, compared with 3.0 across the wider user base.

Figure 10: Monthly generational mix of TradFi-product users



Source: Binance Research, as of July 23, 2026

The intersection of these trends is particularly important. Gen Z users in emerging markets holding less than US\$2,000 in equity assets account for 13% of direct Stocks users. This points to a new access cohort for whom a funded crypto account may provide an **entry point into a broader set of financial products**, rather than simply an alternative interface for activity already conducted through traditional brokerages.

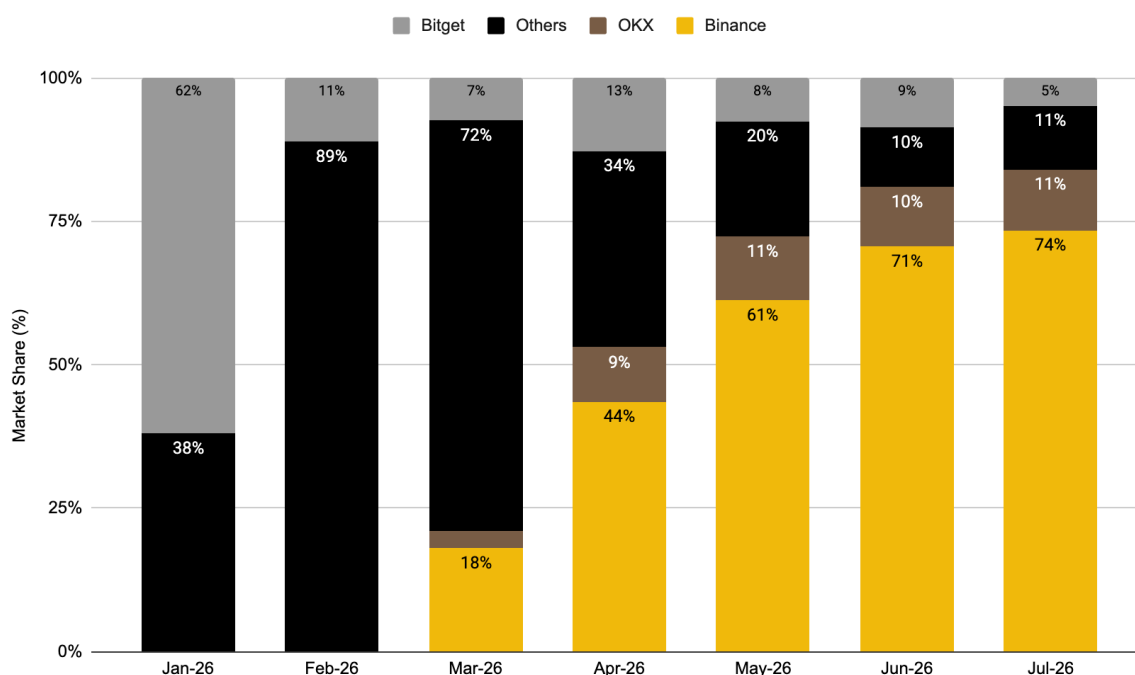
2.3 TradFi Becomes the Incremental Growth Engine

Traditional market access emerged as one of the earliest signals of the superapp model in H1. TradFi perpetuals recorded strong growth through H1 2026, exceeding 5% of tracked exchange derivatives volume by the end of Q2. Momentum continued into July, with volume surpassing US\$1.6T. Commodities provided the initial base, while equities and ETFs drove the late-H1 acceleration.

Perpetuals provide continuous long and short exposure, leverage and stablecoin settlement without contract expiry or stock-borrow requirements. They do not provide ownership, voting rights or a direct claim on the underlying asset, while funding rates introduce a separate carrying cost. Even so, their flexibility and 24/7 accessibility are driving broader interest, including discussion of **whether similar structures could extend trading in traditional market exposures beyond conventional hours.**

Following its March launch, Binance's share of the category rose from 18% to 74% by July, while the two early market leaders fell to single-digit shares, showing how quickly activity consolidated as the market scaled.

Figure 11: Binance's share of ETF TradFi-perpetual volume rises to 74% by July



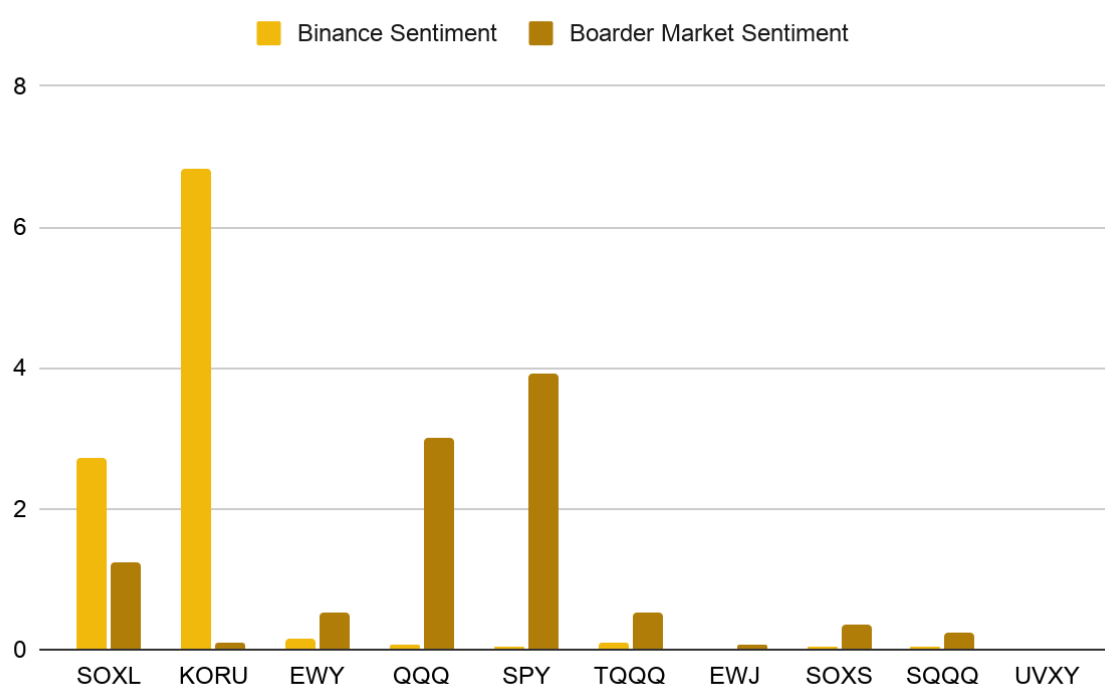
Source: Binance Research, as of July 26, 2026

Set against the reference market, the base remains small. Global ETF assets ended June at a record US\$23.09T, and ETFs turned over more than US\$40T notional in H1 alone, peaking at US\$7.8T in March. July's ~US\$100B run rate for ETF perpetuals was equivalent to around ~1% of that single month; at 10% penetration the category would run near US\$780B monthly. This shows both the early stage of adoption and **the scale available if the perps market captures even a modest share of global ETF activity.**

The composition of trading provides a clearer indication of where demand is emerging. When activity is normalized against each instrument's footprint in its reference market, products linked to leveraged semiconductor and Korean equity exposure rank materially above highly liquid broad-market ETFs. The clearest example was the KORU perpetual, which generated US\$16.16B in July volume compared with US\$10.89B in its underlying ETF.

Rather than proving that price discovery has migrated, the comparison indicates that **crypto-based perps are serving demand that is less easily accommodated** through the reference market, particularly where operating hours and brokerage access remain restrictive.

Figure 12: Relative demand is strongest where reference-market access is more constrained



Source: Binance Research, as of July 20, 2026

Direct stocks address the ownership side of the same access gap. U.S. equities account for roughly half of global market capitalization and more than 60% on a free-float basis, yet only around 700M brokerage accounts exist globally, equivalent to roughly 11% of adults. Foreign investors hold just 18% of the U.S. market, while equity participation outside the U.S. remains broadly below 20%.

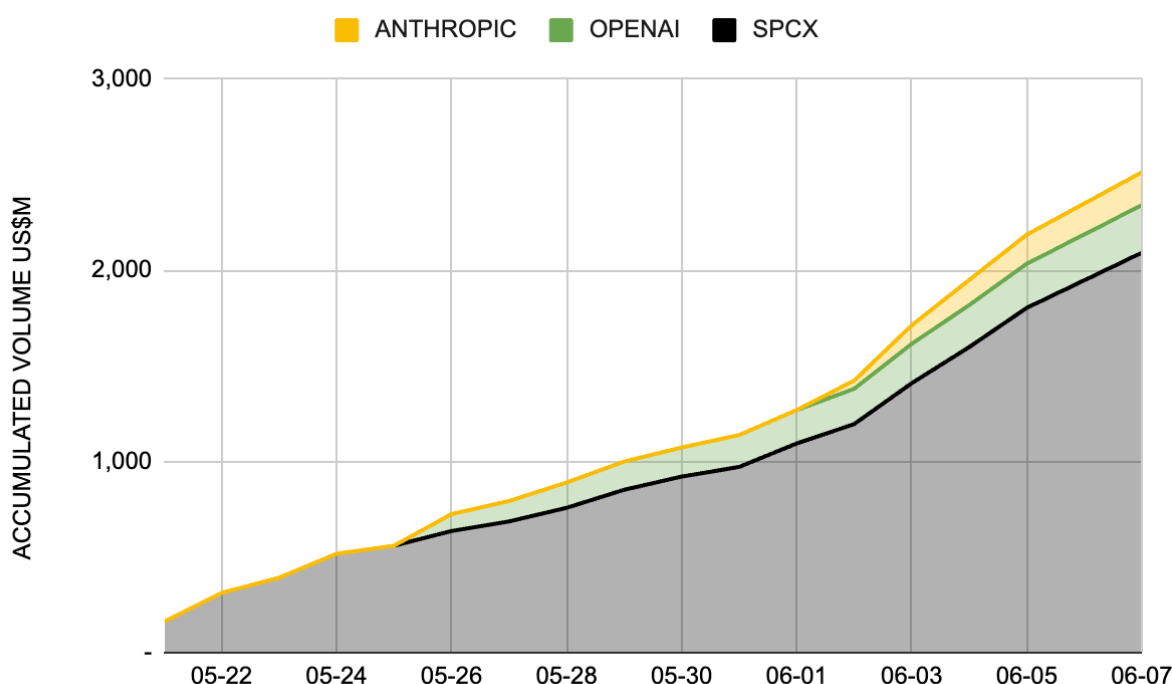
Early activity suggests that crypto **exchanges can help broaden this distribution.** During its first 30 days, Binance users acquired more than US\$1B in equities and generated nearly US\$3B in trading volume across more than 7,000 assets, with over 70% of participants based in emerging markets. The geographic mix points to simpler account funding, fractional access and wider market availability as important demand drivers, allowing direct ownership to expand alongside perpetuals.

This opportunity includes **both new investors and the large crypto-native user base** built over the past several years. As these **users move from speculation toward broader portfolio allocation**, many may prefer to add diversified exposure through the platforms they already use. On a base case estimate, crypto exchanges could channel US\$2T of incremental capital and bring nearly 300M new investors into global equities by 2031.

The same distribution model can extend into private markets, where the access gap is wider still. U.S. IPO proceeds are tracking above US\$225B in 2026, roughly 1.5 times the 2021 peak despite only 68 deals year-to-date. SpaceX's June offering valued the company at US\$1.77T and raised around US\$75B, nearly three times the previous record set by Saudi Aramco. Pre-IPO perpetuals extend price exposure to assets that retail investors rarely access before listing.

Initial activity strongly showcases the underlying demand. Binance pre-IPO perpetuals reached US\$2.5B in cumulative volume within 18 days, with three trillion-dollar private companies accounting for most trading. Emerging markets represented approximately 88–92% of participants, more than half traded in sizes below US\$1,000 and positions could be opened from roughly US\$10, far below conventional private-market entry thresholds.

Figure 13: Binance pre-IPO perpetual volume reached US\$2.5B within 18 days



Source: Binance Research, as of June 7, 2026

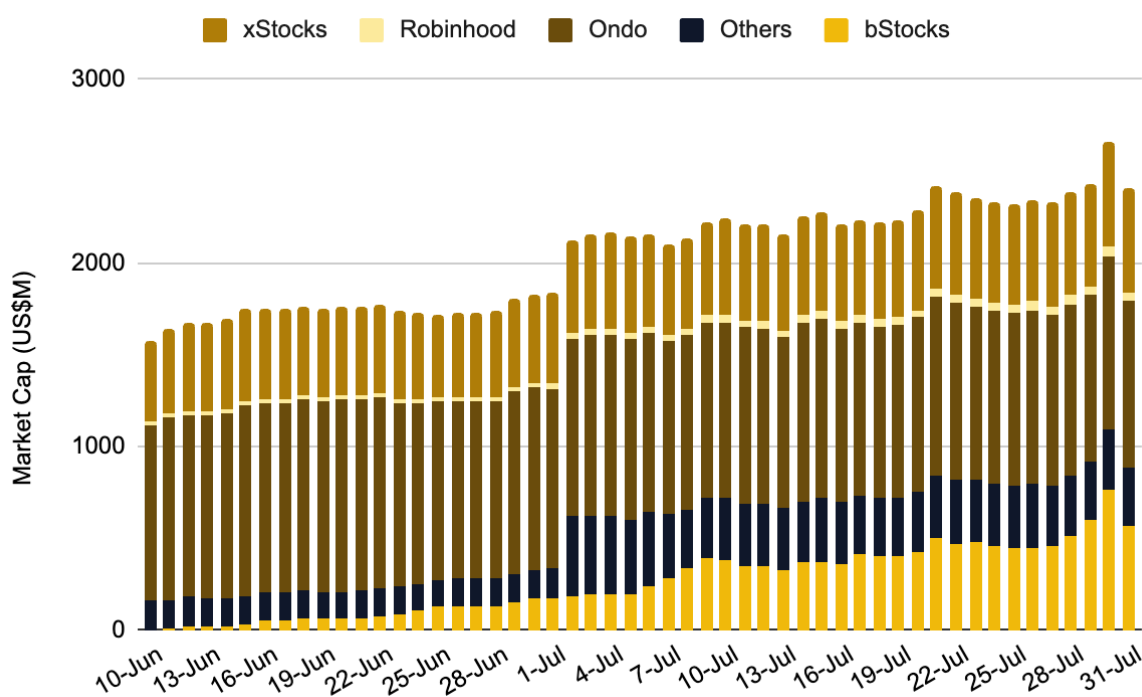
Together, perpetuals, direct equities and pre-IPO markets show how the same funded account can support three distinct functions: **continuous price exposure, direct ownership** and **access to markets** that have historically remained difficult for retail users to reach.

2.4 Always-On Access Changes Market Structure

The expansion into traditional assets is also changing when and where markets trade. Tokenized equities are a clear example, with broader exchange availability and distribution helping make them **one of the fastest-growing RWA segments**.

Competitive structure is shifting quickly: Ondo leads at US\$901M, but its share has fallen from 75% in May to under 38% by the end of July. bStocks crossed US\$500M in market cap on July 28, and now accounts for roughly a quarter of the global tokenized equity market. Robinhood's tokenized book more than doubled between 10 June and 31 July, yet still accounts for just ~2% of the market, leaving its relative position broadly unchanged.

Figure 14: Tokenized equity growth accelerates as bStocks gains market share



Source: Token Terminal, Binance Research, as of July 31, 2026

The expansion was primarily additive rather than a redistribution of existing activity.

Tokenized equity DEX volume rose from approximately US\$2.9B in June to US\$8.8B in July, with bStocks accounting for 85% of sector activity. Its cumulative trading volume reached US\$8.7B, of which 72% was executed on-chain, while BNB Chain's share of tokenized stock and ETF market capitalization increased from below 10% at launch to close to 30%.

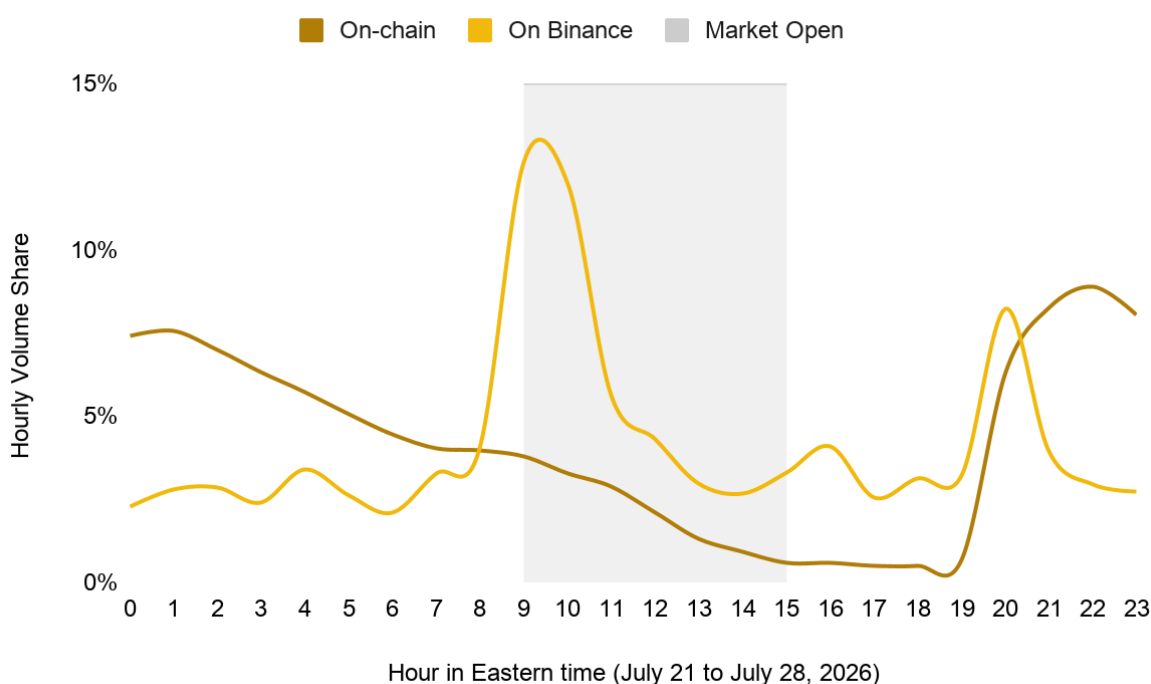
The clearest incremental demand appeared outside regular U.S. market hours.

Approximately US\$1.5B of bStocks traded while the underlying equity market was closed, with off-hours activity accounting for 62% of July volume and 58% since inception. Weekly off-hours volume increased from around US\$30M immediately after launch to US\$302M

by the third week of July, indicating that continuous access created a distinct trading window rather than simply shifting activity away from the regular session.

The hourly distribution points to two different patterns of use. **Across the seven days to July 28, 92% of on-chain volume and 59% of exchange volume occurred outside regular U.S. hours.** Binance activity was concentrated between 08:00 and 10:00 ET around the pre-market and opening session, while on-chain activity increased from approximately 20:00 ET and remained elevated through the Asian trading day. During regular hours, conventional equities accounted for 52% of combined activity and bStocks 48%; outside those hours, the balance reversed to 42% and 58%, respectively.

Figure 15: Hourly distribution of bStocks trading volume, on-chain versus exchange

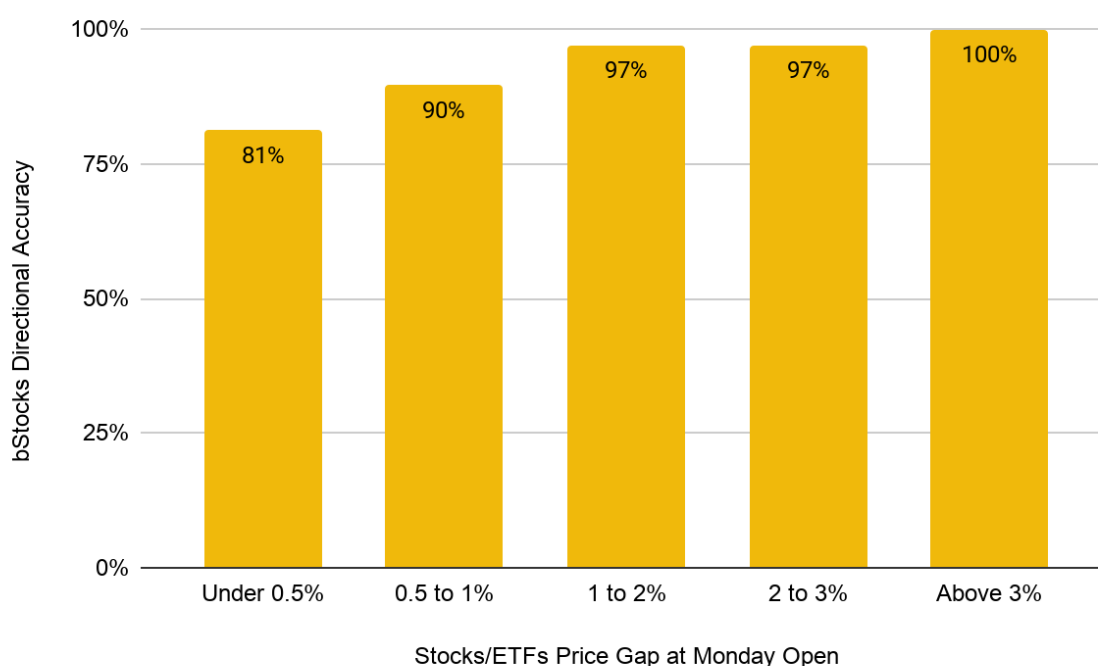


Source: Dune Analytics, Binance Research, as of July 28, 2026

Always-on access becomes more consequential when information arrives while the reference market is closed. Across the seven weekends following launch, **bStocks incorporated a median 92% of the subsequent Monday opening gap**, leaving an average residual deviation of 0.19% once listed liquidity returned. Directional accuracy strengthened with the size of the move, rising from 81% for gaps below 0.5% to 100% across 41 observations above 3%, where a median 99.6% of the move had already been reflected.

These results indicate that **tokenized markets are beginning to supplement the reference market's price-discovery window**. Their contribution is most visible around weekend news and after-hours corporate developments, when the underlying security cannot trade, although thinner liquidity and greater basis risk outside regular hours remain important constraints.

Figure 16: bStocks price an increasing share of the subsequent Monday opening gap



Source: Binance Research, as of July 1, 2026

Open mint-and-redemption channels provide the mechanism connecting tokenized and underlying prices. Unlike conventional ETF structures, where primary-market creation and redemption are restricted to authorized participants, **tokenized structures can make arbitrage accessible to a wider group of market participants**. The evidence is in the participant mix: exchange data shows **2,806 users ran cross-market arbitrage worth US\$216M**, of whom 2,600 appeared only once, trading at a median gap of under a minute. This suggests that price alignment was not limited to a small group of repeat specialists, but was also supported by broader user participation.

Despite the rapid growth, penetration remains limited. Combined bStocks volume was equivalent to approximately 0.3% of trading in the underlying stocks and ETFs, up from 0.01% six weeks earlier, while tokenized equity market capitalization remained negligible relative to an addressable global equity base above US\$300T. The variable that will move that trajectory is **deeper liquidity, robust redemption mechanisms and closer integration with established custody and settlement infrastructure**. DTCC progresses from limited production tokenized activity in July to a broader launch in October 2026, at which point tokenized settlement becomes an option inside default capital-market infrastructure.

2.5 The Aggregation Era

Exchanges no longer compete primarily on digital asset spot and derivatives fees, but on **how much of a user's total financial activity sits inside one account**, one margin pool and one settlement currency. The broader shift is from standalone products toward the aggregation of multiple access routes around the same user, balance and settlement layer.

- **Users are moving between products rather than remaining within a single format.** Only 41.5% of bStocks users traded exclusively within the tokenized product, while 58.5% also used perpetuals and/or direct equities. The US\$216M of observed cross-market arbitrage further shows capital moving between synthetic exposure, direct ownership and tokenized ownership according to trading hours, leverage, portability and price.
- **Liquidity scale is outweighing first-mover advantage.** Early leaders in ETF perpetuals fell to single-digit market shares after Binance entered in March and reached 74% by July. Tokenized equities followed a similar pattern, with the incumbent leader's share declining from 75% to below 38% as new distribution and liquidity entered the market. Being early confers less advantage than being deep. While product availability can establish a head start, sustained activity gravitates toward venues able to support deeper books, reliable pricing and efficient settlement.
- **Always-on access is beginning to change market function, not only availability.** Tokenized equities are increasingly absorbing information while the underlying venue is closed, pricing a median 92% of the subsequent Monday gap and capturing the largest moves with the greatest directional accuracy. This creates a complementary price discovery window across weekends, overnight sessions and regional trading hours.
- **The opportunity remains early and execution-dependent.** ETF perpetuals remain below 1% of traditional ETF activity, bStocks represent approximately 0.3% of underlying trading volume and tokenized equities account for only a fraction of the global equity market. With steps toward the financial superapp strongly in motion during H1 2026, the next stage will depend less on adding product categories than on connecting them through liquidity, collateral, redemption and settlement infrastructure.

03 / Stablecoins

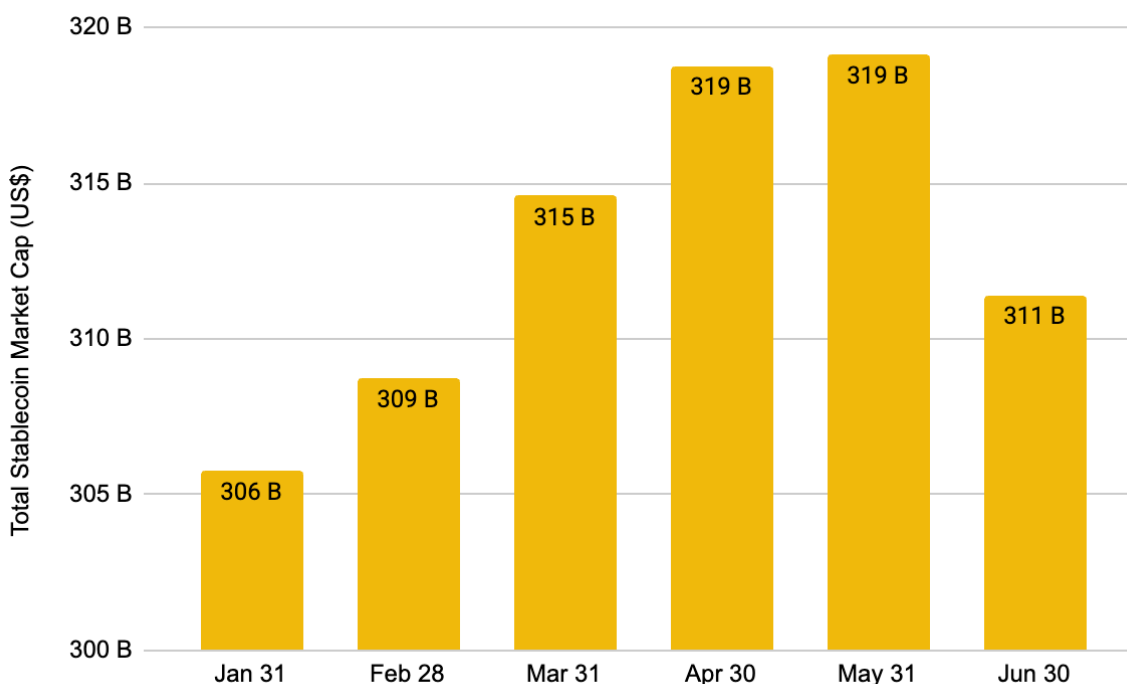
3.1 Supply Plateaus After the Post-GENIUS Expansion

Total stablecoin market capitalization opened 2026 at US\$306B and closed the first half at US\$311B, net growth of US\$5B or 1.6%. The headline conceals a decisive change in trajectory. Supply climbed steadily through Q1 and reached an all-time high of approximately US\$319B at end-April, holding that level through May, roughly ten months after the GENIUS Act established the first federal framework for payment stablecoins.

Momentum then reversed sharply, with the market shedding US\$8B in June alone, a 2.5% single-month contraction that erased more than half of the first half's net issuance.

The decline was broad-based rather than issuer-specific: USDT fell US\$3B, USDC US\$2B, USDS US\$1B and the remaining cohort US\$1B. Composition shifted despite the flat aggregate. USDT ended June at US\$185B, unchanged from January, with its share slipping from 60.5% to 59.5%. USDC added US\$4B to reach US\$74B, lifting its share to 23.8%, while USDS grew 33% from US\$6B to US\$8B, the fastest expansion among the majors. Marginal supply growth is now accruing to regulated and yield-bearing alternatives rather than to the incumbent, even as the aggregate stalls.

Figure 17: Total stablecoin market capitalisation



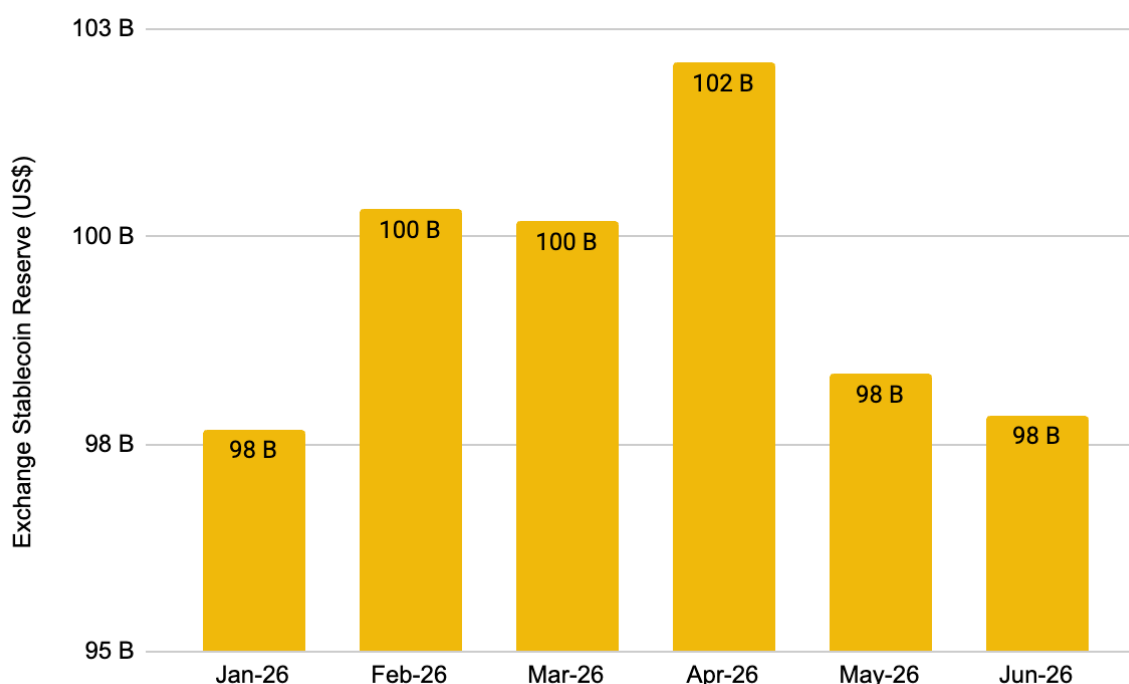
Source: DefiLlama, Binance Research, as of July 1, 2026

3.2 Exchange Reserves Round-Trip the Half

Stablecoin reserves held on centralised exchanges, observed via on-chain wallet tracking and proof-of-reserve attestations, opened the year at US\$98B and closed June at exactly the same level. The intervening path was more instructive than the endpoints. Reserves built steadily to US\$102B by April, representing US\$4B of net inflow, before that entire accumulation was erased over May and June as trading activity across the broader market slowed. **Roughly one third of all stablecoins in existence sat on centralised venues throughout the half, a ratio that held between 31% and 32% in every month, indicating the drawdown reflected shrinking aggregate supply rather than a structural migration of collateral off-venue.**

Venue-level composition moved more than the total. Binance remained dominant but declined from US\$57B to US\$54B, with its share of exchange reserves easing from 58% to 55%. Coinbase was the only major venue to add materially, rising from US\$8B to US\$11B and lifting its share from 8% to 11%. Hyperliquid grew from US\$5B to US\$6B after peaking at US\$7B in May, while OKX and Bybit each shed US\$1B. Collateral is consolidating towards US-regulated custody and on-chain perpetual venues.

Figure 18: Stablecoin reserves across exchanges



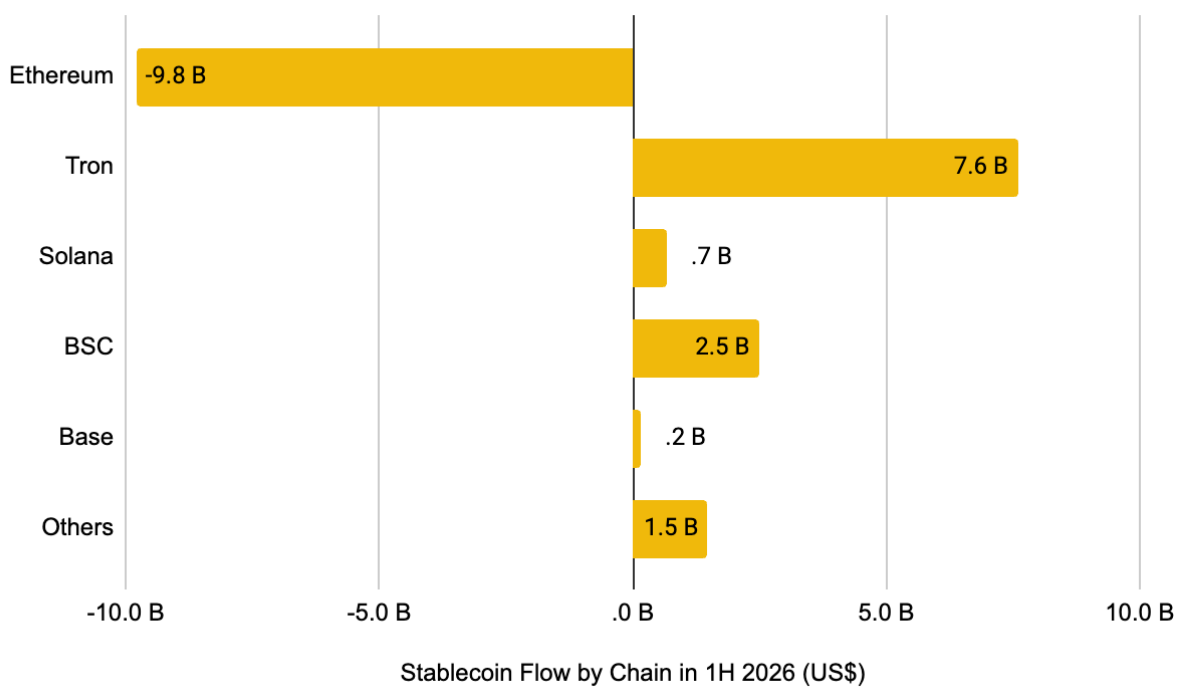
Source: DefiLlama, Arkham, Binance Research, as of July 1, 2026

3.3 Chain Distribution: Tron Absorbs What Ethereum Sheds

Net supply flows across major blockchains diverged sharply in the first half. Tron recorded the largest inflow at US\$7.6B, overwhelmingly dominated in USDT and consistent with its role as the settlement layer for emerging-market dollar demand. BNB Chain followed with US\$2.5B, with the majority of that inflow led by yield-bearing stablecoins rather than pure payment tokens. Solana added US\$0.7B, Base US\$0.2B and the remaining chains US\$1.5B collectively. **Ethereum was the sole major chain to contract, shedding close to US\$10B of stablecoin supply over the half and pushing its share of total supply down to approximately 50% from 52.5% at the start of the year.**

Tron's share rose correspondingly from 27.7% to 28.9%, leaving the two chains custodians of roughly four fifths of all stablecoin supply. The remaining distribution is thin: BNB Chain at 5.7%, Solana at 5.0% and Base at 1.5%, with all other chains accounting for 8.8% combined. Ethereum's outflow is best read as collateral rotating towards cheaper execution environments and yield-bearing venues, not as an abandonment of the chain's settlement role.

Figure 19: Net stablecoin flow by chain during H1 2026



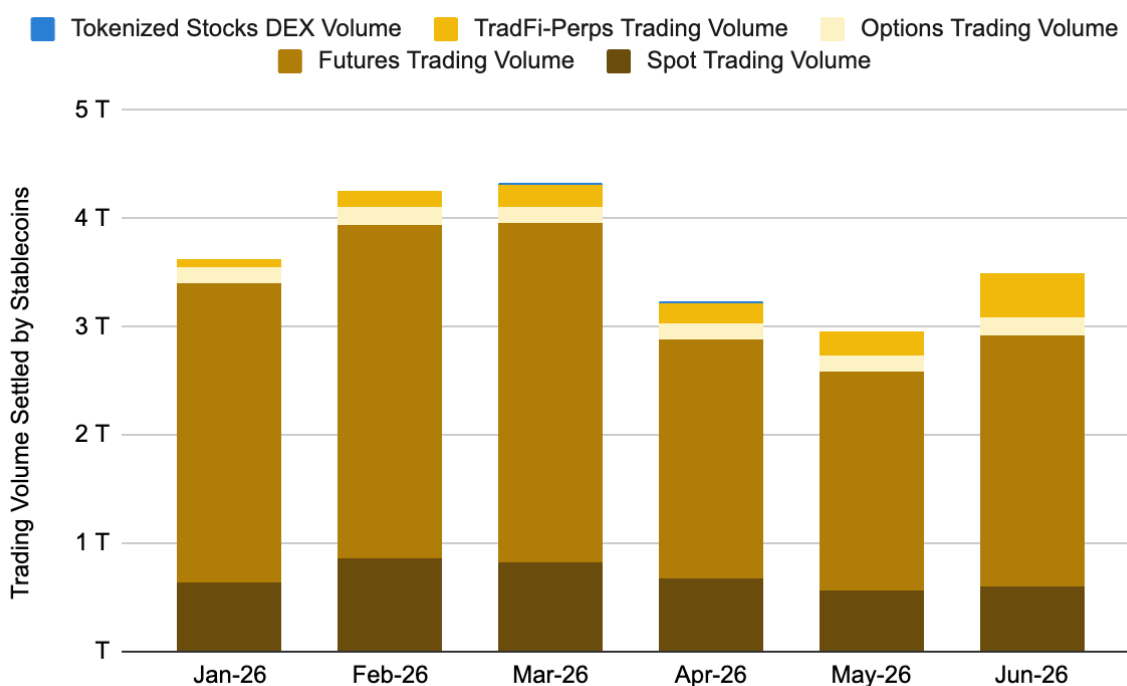
Source: DefiLlama, Binance Research, as of July 1, 2026

3.4 TradFi Become a Material Share of Stablecoin-Settled Trading

Stablecoins settled approximately US\$21.9T of trading volume across the industry in the first half of 2026. Aggregate activity peaked at US\$4.32T in March before falling to a trough of US\$2.95T in May and recovering to US\$3.50T in June. Beneath that cyclical pattern, the composition of what stablecoins are settling changed materially. Crypto-native volume across spot, futures and options fell 13% from US\$3.56T in January to US\$3.08T in June. Over the same window, TradFi-perpetual's volume rose from US\$60B to US\$415B, an almost sevenfold expansion, with June alone up 87% month-on-month. Tokenized equities DEX volume doubled from a small base to US\$2B.

Trading volume settled in stablecoins from TradFi-linked products rose from 1.7% of the industry total in January 2026 to roughly 13.6% in June, an expansion that occurred while crypto-native volumes were contracting, confirming the growth is additive rather than a rotation within the same pool of capital. TradFi-perpetuals alone cleared US\$1.25T over the half. Stablecoins are no longer solely a settlement currency for crypto trading; they are becoming the collateral layer for a broader on-chain market that includes traditional assets, and the trajectory shows no sign of slowing.

Figure 20: Trading volume settled by stablecoins across product types



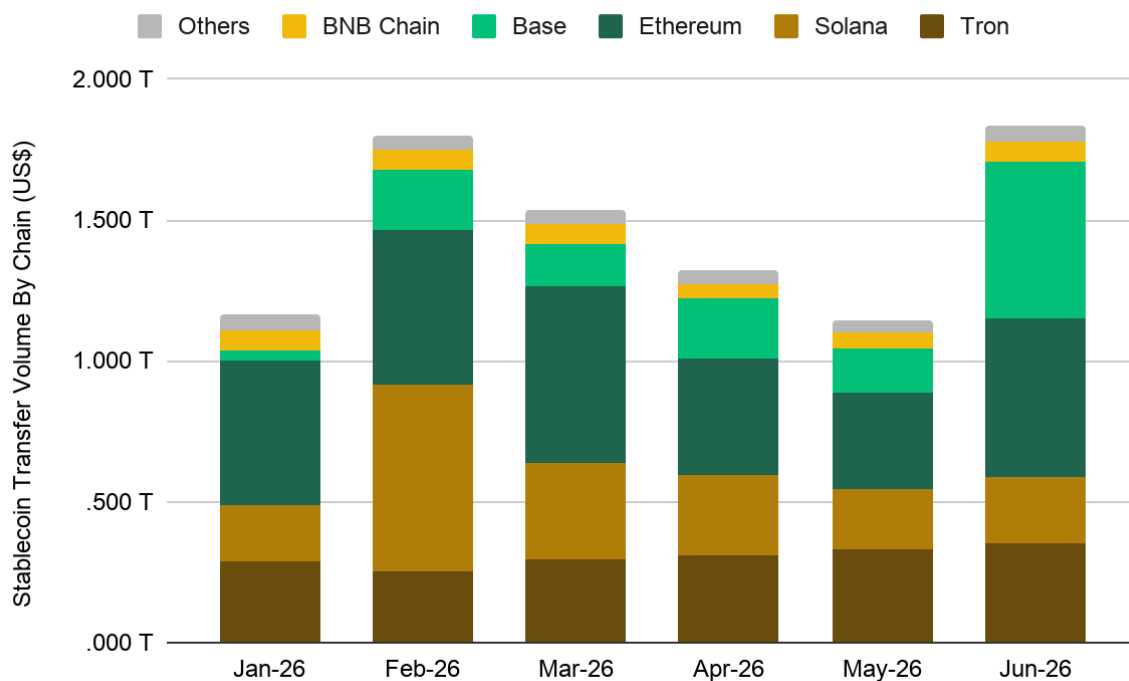
Source: CoinMarketCap, DefiLlama, Glassnode, Binance Research, as of July 1, 2026

3.5 Transfer Volume Holds Above US\$1T as Base Scales

Beyond trading, stablecoin transfer volume cleared US\$1T in every month of the first half, totalling US\$8.8T. The monthly range ran from US\$1.15T in May to US\$1.83T in June, with volume proving considerably more resilient than either supply or exchange reserves. The chain-level distribution shifted more than the total. **Base scaled from 3% of on-chain stablecoin transfer volume in January 2026 to 30% in June, a sixteenfold increase in absolute terms that took share from Tron and Solana without reducing Tron's own throughput, which rose over the same period.**

Ethereum remained the largest single venue at US\$566B in June, though its share fell from 43.7% to 30.9% as the base expanded around it. Together, Ethereum and Base settled 61% of June transfer volume against 47% in January. Tron grew from US\$288B to US\$349B in absolute terms while its share compressed from 24.7% to 19.0%. Solana was the most volatile, spiking to US\$662B and 37% share in February before settling at US\$236B by June. The distinction between share loss and volume loss matters: this was a market growing unevenly, not a zero-sum reallocation.

Figure 21: Stablecoin transfer volume by chain



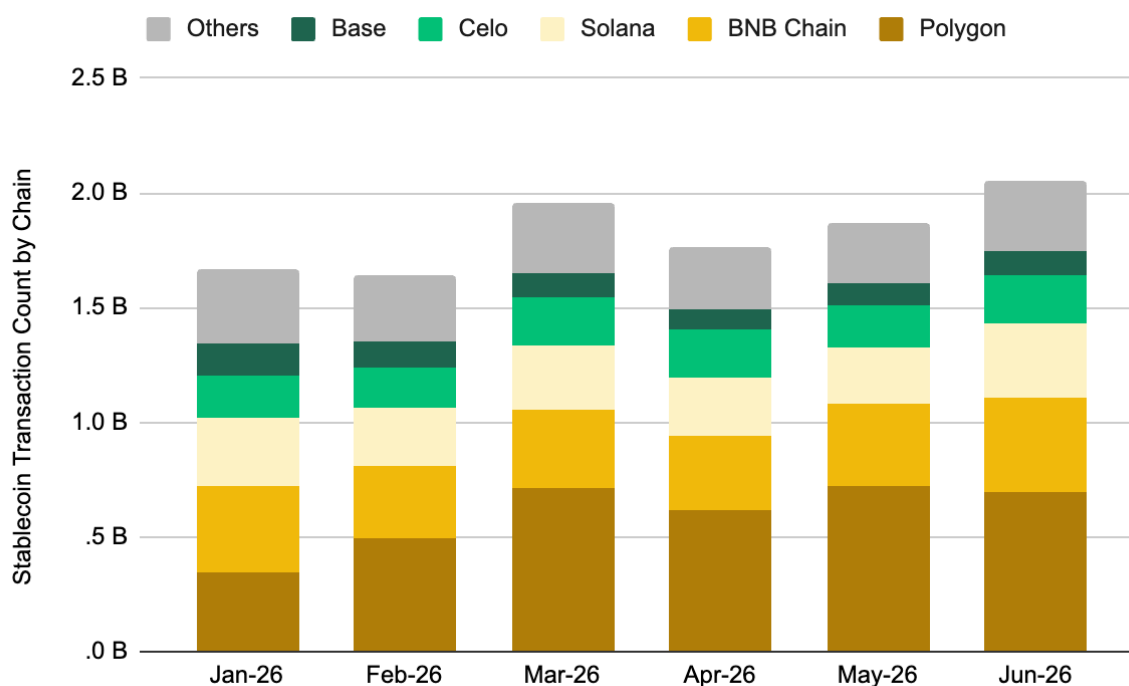
Source: DefiLlama, Binance Research, as of July 1, 2026

3.6 Transaction Count Reveals a Two-Speed Market

Layer 1 fee revenue derives from transaction count rather than notional volume, which makes the count distribution a different and equally important lens. Total stablecoin transactions rose 23% from 1.67B in January to 2.05B in June, with 10.9B transactions processed over the half. Polygon was the standout, doubling its monthly count from 0.34B to 0.70B and lifting its share from 20.5% to 34.0%, roughly one third of all stablecoin transactions. BNB Chain, Solana and Celo were the runners-up at 19.8%, 16.0% and 10.0% respectively. The count data exposes a divergence invisible in the volume series.

The average stablecoin transfer on Base rose from roughly US\$240 in January 2026 to over US\$5,400 in June while its transaction count fell 28%, confirming that the chain's volume surge was driven by large-value institutional settlement rather than retail payment activity. The contrast is stark against the micro-payment rails, where average tickets sat below US\$80 on Polygon and near US\$170 on BNB Chain. Two distinct stablecoin economies are now operating in parallel: a high-value settlement layer optimised for institutional flow, and a high-frequency payment layer where fee revenue actually accrues.

Figure 22: Stablecoin transaction count by chain



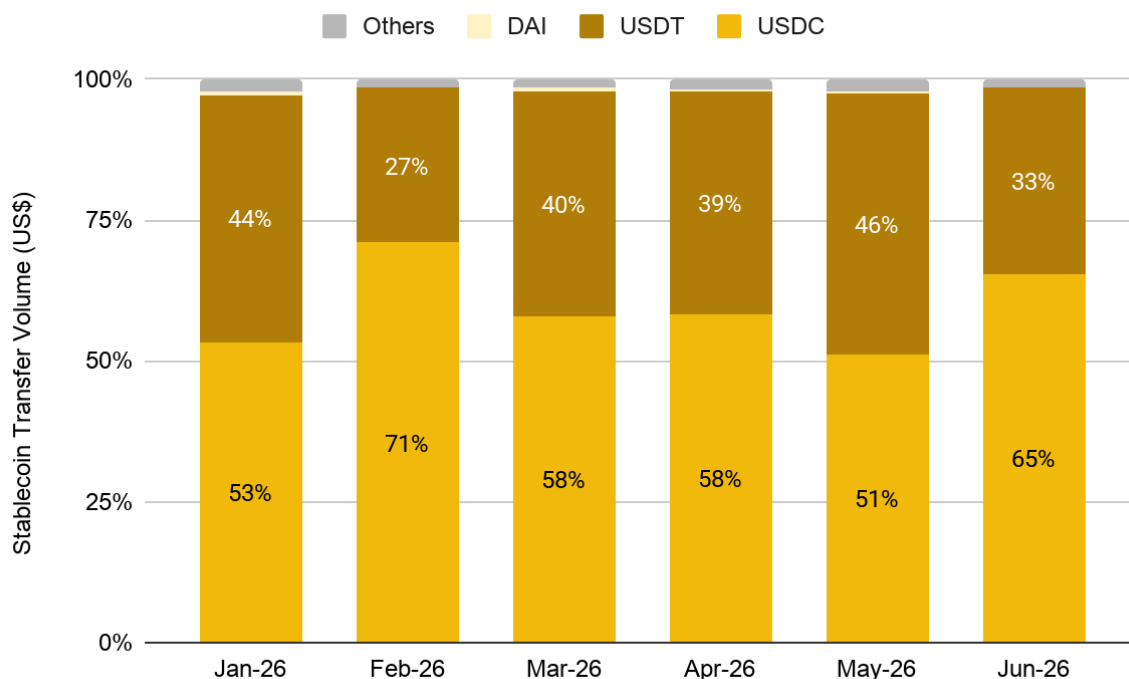
Source: DefiLlama, Binance Research, as of July 1, 2026

3.7 USDC Dominates Velocity While USDT Dominates Supply

The asset-level split of transfer volume inverts the market capitalisation ranking. Excluding centralised exchange trading pairs, USDC settled US\$625B in January and US\$1.20T in June, lifting its share of transfer volume from 53% to 65% and peaking at 71% in February. USDT moved in the opposite direction, growing modestly in absolute terms from US\$510B to US\$605B while its share fell from 43.7% to 33.0%. DAI became immaterial, declining 63% to US\$3B monthly.

USDC accounted for 65% of on-chain stablecoin transfer volume in June 2026 while holding under a quarter of total supply, turning over its entire market capitalization roughly sixteen times during the month against USDT's three, a velocity gap of more than five to one. The divergence reflects genuinely different functions rather than competitive displacement. USDT operates as the dominant quote asset on centralised venues and as a dollar store of value in emerging markets, where balances are held rather than moved. USDC functions as the working-capital instrument for on-chain and institutional settlement, where the same dollar is recycled many times within a month. Market capitalisation share alone materially understates USDC's economic footprint.

Figure 23: Stablecoin transfer volume share by asset



Source: DefiLlama, Binance Research, as of July 1, 2026

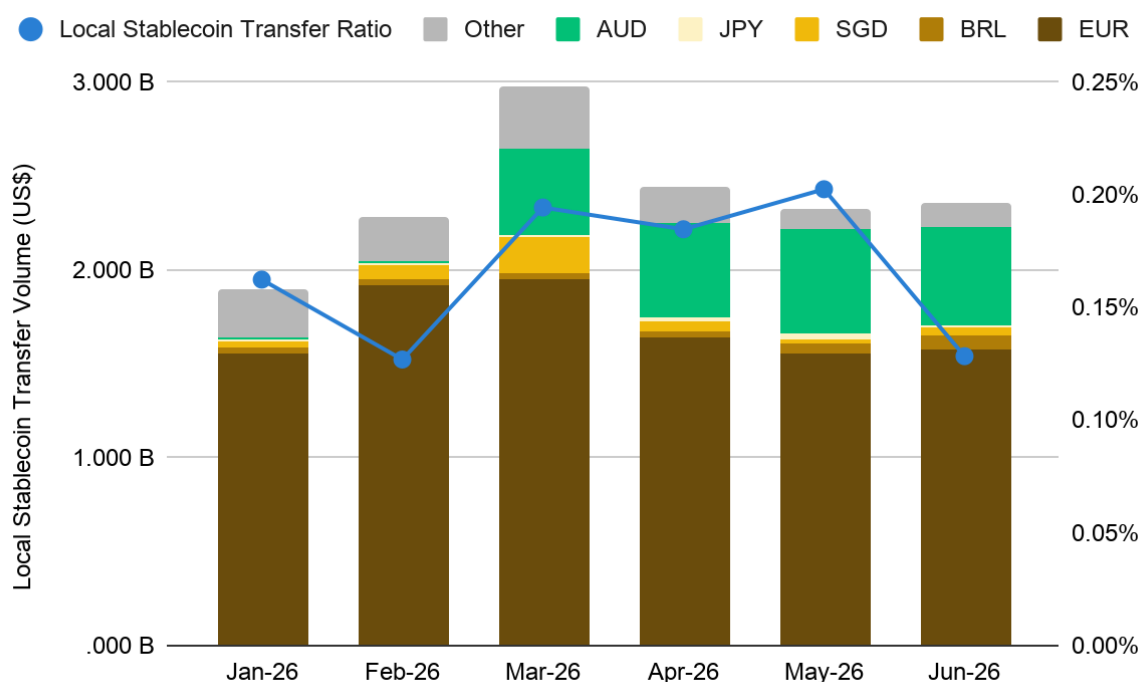
3.8 Non-USD Settlement Remains Comparatively Low

Non-USD denominated stablecoins followed the same cyclical pattern as the dollar market, peaking at US\$2.98B of monthly transfer volume in March 2026 and ranging between 0.13% and 0.20% of USD stablecoin transfer volume throughout the half.

Non-USD stablecoins moved US\$14.3B on-chain in the first half of 2026, equal to just 0.16% of USD stablecoin settlement, with the Australian dollar rising from effectively zero in January to 22% of all non-USD volume by June.

The euro remained dominant but ceded ground, falling from 82% of non-USD volume in January to 67% in June. AUD's emergence was abrupt: after registering US\$7M in January, it reached US\$454M in March and peaked at 24% share in May, making it the second currency to achieve meaningful on-chain scale. Other currencies remain nascent. SGD peaked at US\$193M in March before retreating to US\$39M, BRL doubled to US\$76M and JPY held between US\$12M and US\$27M throughout. The concentration is telling. Non-USD stablecoin settlement is not yet a diversified market but two currencies plus a long tail, and the dollar's dominance of on-chain settlement remains close to absolute.

Figure 24: Local transfer volume by currency and ratio to USD stablecoins



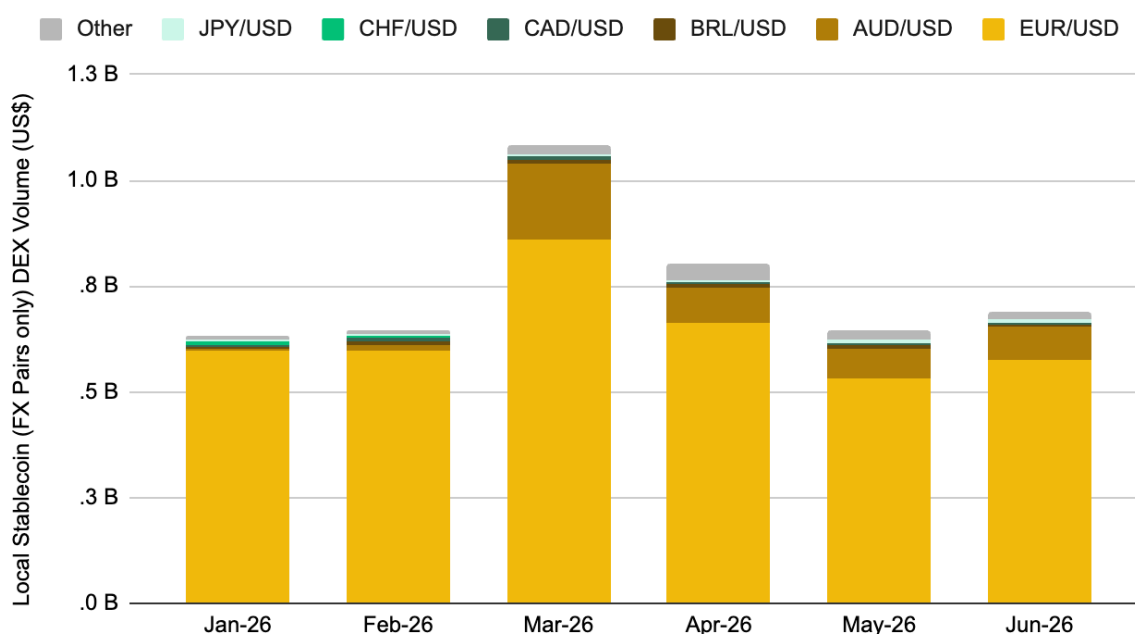
Source: DefiLlama, Binance Research, as of July 1, 2026

3.9 Local Stablecoin Activity Is Still Predominantly FX Trading

On-chain FX trading on decentralised exchanges totalled approximately US\$4.5B across the half, peaking at US\$1.08B in March in near-perfect alignment with the March peak in non-USD transfer volume. EUR/USD dominated the pair mix, accounting for 94% of FX DEX volume in January before easing to 84% in June as AUD/USD scaled from US\$5M to a March peak of US\$179M. All other pairs, including BRL, CAD, CHF and JPY, remained below US\$10M monthly and showed no directional trend. The correlation between the two series is the analytically important finding.

Roughly one third of every non-USD stablecoin transferred on-chain in the first half of 2026 passed through a decentralised FX venue rather than a payment, savings or commercial flow, indicating that utility beyond trading has yet to mature. Where a genuine payments market exists, transfer volume should substantially exceed FX turnover, since each unit is used repeatedly for commerce after being acquired. The current ratio suggests local stablecoins are primarily being minted, traded against dollars and redeemed, with limited circulation in between. The infrastructure for on-chain FX is functioning; the demand for local-currency settlement has not yet arrived.

Figure 25: Local stablecoin FX pair DEX volume



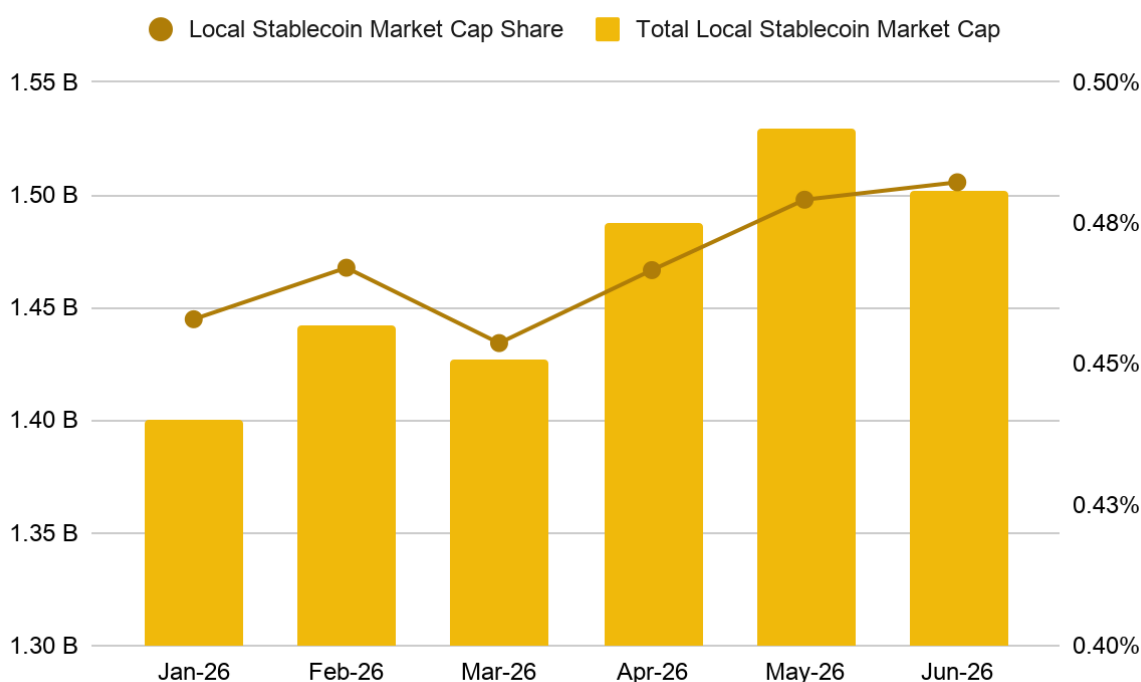
Source: Dune, Binance Research, as of July 1, 2026

3.10 Local Stablecoin Supply Grows Four Times Faster

Supply data tells a more constructive story than settlement data. Local stablecoin market capitalization rose from US\$1.40B in January 2026 to US\$1.50B in June, approximately 7% growth against 1.6% for the broader stablecoin market, lifting the local share from 0.46% to 0.48%. **Local stablecoin market capitalisation grew roughly four times faster than the overall stablecoin market in the first half of 2026, yet its share of transfer volume did not rise in step, indicating non-USD stablecoins are currently accumulating as a store of value faster than they are circulating as a medium of exchange.**

The composition shows genuine issuance breadth rather than concentration in a single token. EURC held roughly flat at US\$429M while EURCV grew 59% to US\$110M, ZCHF added 45% to US\$42M and tGBP expanded more than sixfold from US\$5M to US\$31M. The residual cohort, at US\$890M, remains the single largest bucket and warrants disaggregation. Early July data showed the first yen-denominated entrant, JPYSC, appearing at US\$65M. The absolute figures remain small, and no local stablecoin approaches the scale required for institutional FX settlement, but the direction of issuance is unambiguous and an on-chain FX market looks inevitable rather than speculative.

Figure 26: Total local stablecoin market capitalisation and market share



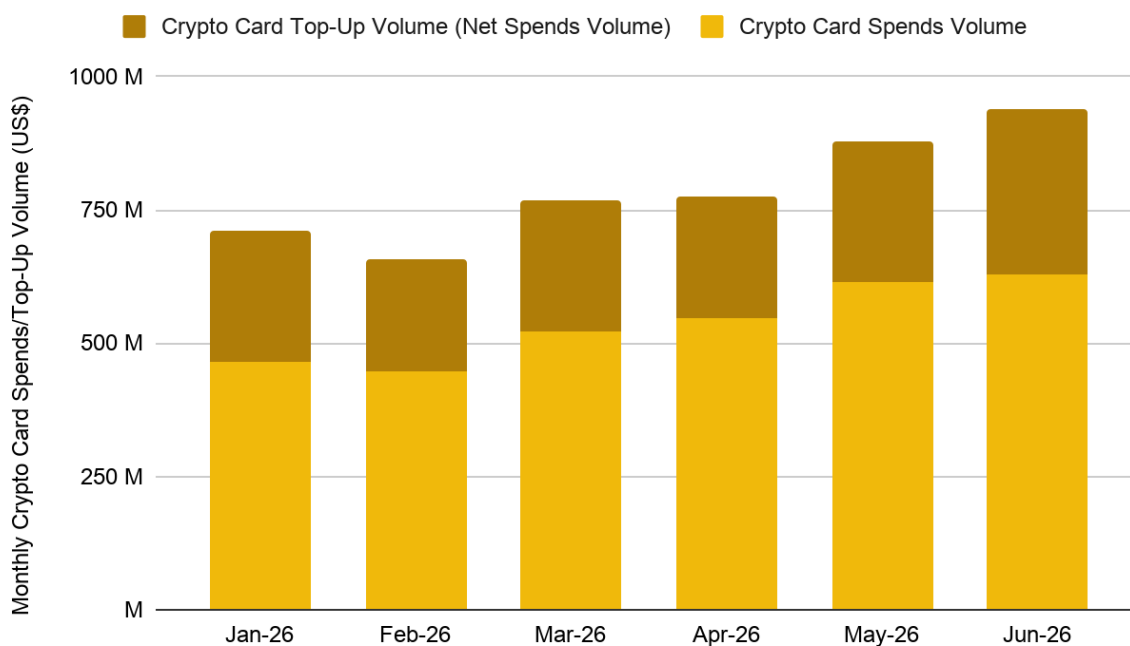
Source: DefiLlama, Binance Research, as of July 1, 2026

3.11 Card Rails Bridge Stablecoins Into Everyday Spending

Following a strong 2025, crypto card volume continued to compound through the first half of 2026. Monthly spend rose from US\$467M in January to US\$629M in June, growth of 35% at a compounded rate of approximately 6% per month, with US\$3.22B spent across the half. Card top-up volume grew more modestly from US\$244M to US\$309M, totalling US\$1.51B and running at roughly half of spend, suggesting a meaningful portion of card activity is funded from pre-existing on-chain balances rather than fresh conversions.

Crypto card spending grew 35% over the first half of 2026 while total stablecoin-settled trading volume fell 3% over the same period, the clearest evidence in the dataset that stablecoin payment demand is now decoupling from trading activity. July extended the trend to a new high of US\$692M. Stablecoins functioning as a payment medium is a material milestone that extends their utility beyond trading and transfer. The constraint remains infrastructure and merchant acceptance rather than user demand, which is why adoption within existing Visa and Mastercard networks continues to serve as the bridging solution, and that bridge shows no sign of narrowing.

Figure 27: Monthly crypto card spend and top-up volume



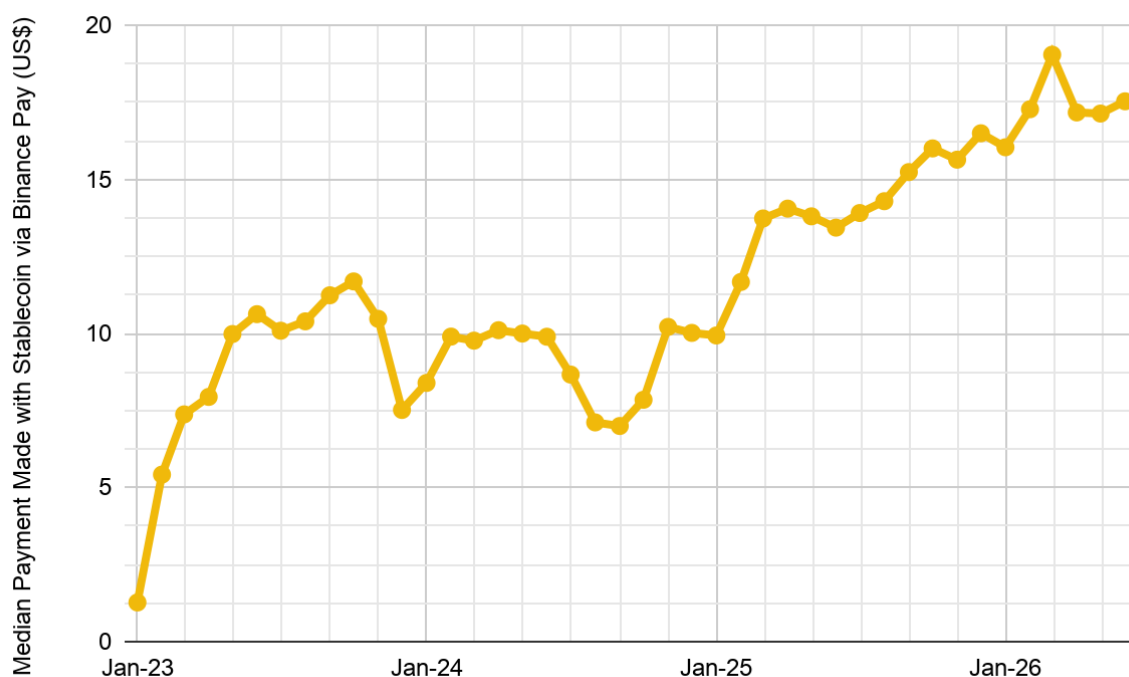
Source: PaymentScan, Binance Research, as of July 1, 2026

3.12 Direct Merchant Settlement and the Rising Ticket Size

Direct stablecoin merchant payment, which bypasses card networks entirely, has been building steadily on Binance Pay, now onboarded with more than 21M merchants globally. The median payment ticket provides the clearest read on user confidence. **The median stablecoin payment made through Binance Pay reached US\$18 in June 2026, up 38% year-on-year and eighteen times the US\$1 median recorded in January 2023, a trajectory that tracks growing willingness to settle meaningful commercial value directly on-chain.**

The 2026 path was steady rather than explosive, moving from US\$16 in January to a peak of US\$19 in March and settling at US\$18 in June, following US\$16 at end-2025 and US\$13 in mid-2025. The significance lies in what the level implies. Early stablecoin payments were micro-transactions and functional tests; a median approaching US\$20 places stablecoin commerce within the range of ordinary retail baskets rather than experimental transfers. As stablecoin holdings broaden across the user base, direct settlement should scale considerably faster than card-mediated volume, since it removes interchange economics from the transaction and allows any required foreign exchange to be performed natively on-chain at the point of payment.

Figure 28: Median payment made with stablecoin via Binance Pay



Source: Binance Research, as of July 1, 2026

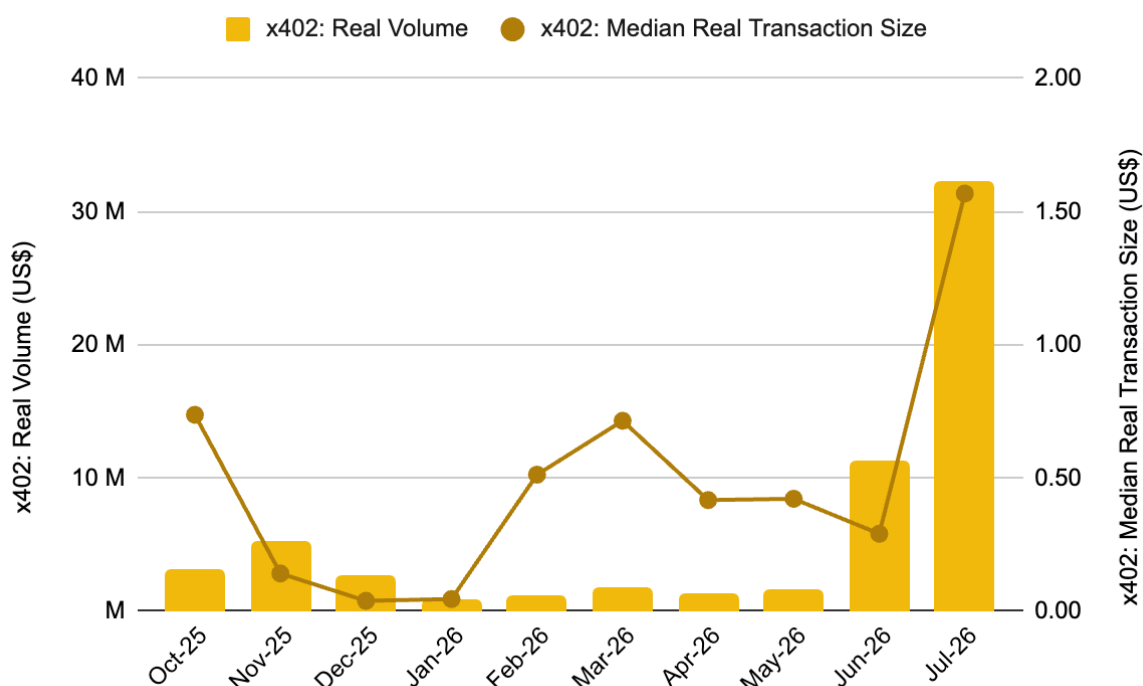
3.13 x402 and the Economics of Agentic Payments

Stablecoins are the only viable settlement instrument for agentic payments, and the reason is arithmetic rather than ideological. Median real transaction size across the x402 protocol has averaged approximately US\$0.37 since October 2025 and stood at US\$0.29 in June 2026. **Real x402 settlement volume, filtered to exclude gamified transactions, rose from US\$1M in January 2026 to an all-time high of US\$11M in June and US\$32M in July, on a median ticket that legacy payment networks cannot process profitably at any scale.**

Per-transaction costs on incumbent rails already exceed the median agentic payment outright, which removes card networks from consideration structurally rather than competitively. Throughput is the remaining constraint. Agentic settlement at scale requires millions of transactions per second, which no single chain delivers today, making multi-chain routing the probable architecture.

That dependency is a feature rather than a limitation, since routing across venues avoids concentration risk and strengthens the decentralisation of the payment layer. The binding bottleneck is currently the reliability of agentic AI itself, not the settlement infrastructure. As agents become more capable and more widely deployed, agentic payment via MCP becomes the default rather than the experiment.

Figure 29: x402 real settlement volume and median real transaction size



Source: Artemis, Binance Research, as of July 1, 2026

The first half of 2026 marks a transition in what stablecoins are for. Supply stalled, exchange reserves round-tripped and crypto-native trading volume contracted, yet every

measure of non-trading utility expanded. TradFi-perpetuals settled US\$1.25T, card spend compounded at 6% monthly, merchant ticket sizes reached new highs and agentic settlement volume grew eleven times.

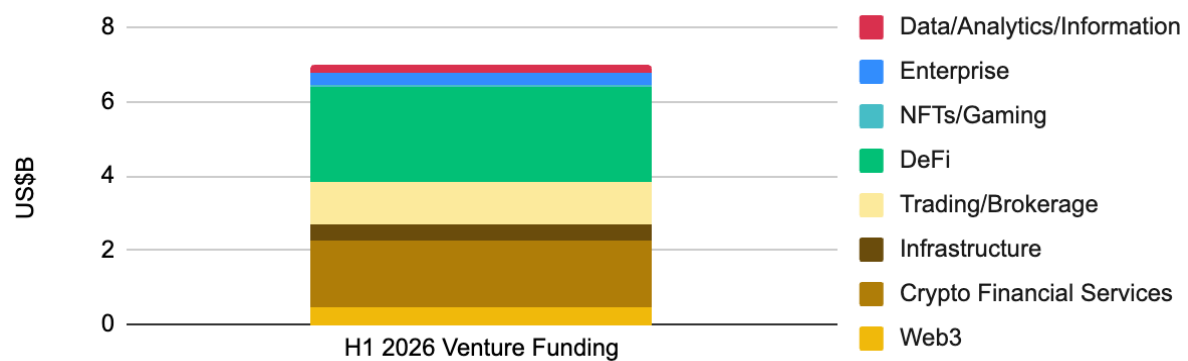
The defining feature of 1H 2026 is that stablecoin demand and crypto market activity decoupled for the first time, with payment, settlement and TradFi collateral use cases growing through a period in which the underlying market contracted. Three developments merit close attention through the second half.

First, the GENIUS Act's operative provisions take effect at the earlier of January 2027 or 120 days after final implementing rules, which should determine whether issuance concentration continues shifting towards regulated and yield-bearing formats. Second, whether TradFi and institutional settlement volume proves durable. Third, whether local stablecoin supply growth eventually converts into circulation rather than accumulation, which remains the single clearest test of whether an on-chain FX market is genuinely forming.

04/ Institutional Trends

4.1 Major Capital Events

Figure 30: H1 2026 venture funding led by DeFi and crypto financial services



Source: The Block, Binance Research, as of July 17, 2026

Capital allocation concentrated in financial infrastructure. DeFi and crypto financial services led venture funding, while the largest individual transactions clustered around stablecoin payments, prediction markets, custody, exchanges and mining. The mix of M&A, strategic equity and pre-IPO financing shows institutions seeking ownership of the infrastructure and distribution behind digital assets vs. exposure through tokens alone.

Figure 31: H1 2026 major capital events

Company	Category	Type	Amount (US\$)	Valuation (US\$)	Lead Investors
BVNK	Stablecoin Payments	M&A (acquired)	1.8B	-	Mastercard
Kalshi	Prediction Market	Series F	~1B	\$22B (talks at \$40B, Jun)	Coatue, Sequoia, a16z, Morgan Stanley, Ark Invest
Core Scientific	Bitcoin Mining	Debt financing	~1B	-	JPMorgan, Morgan Stanley
Kraken (Payward)	Crypto Exchange	Pre-IPO strategic	800M + 200M	\$20B	Jane Street, DRW, Tribe Capital, Citadel Securities
Polymarket	Prediction Market	Strategic	600M	~\$9B (seeking \$15B)	Intercontinental Exchange (NYSE parent)
Rain	Stablecoin Payments	Series C	250M	\$1.95B	ICONIQ Capital
BitGo	Digital Asset Custody	IPO	212.8M	-	Public listing (NYSE: BTGO)
OKX	Crypto Exchange	Strategic minority equity	200M	\$25B	Intercontinental Exchange (NYSE parent)
Anchorage Digital	Crypto Custody Bank	Strategic equity	100M	\$4.2B	Tether

Source: Binance Research, as of July 10, 2026

4.2 Product Growth

Stablecoins Enter Payment Infrastructure

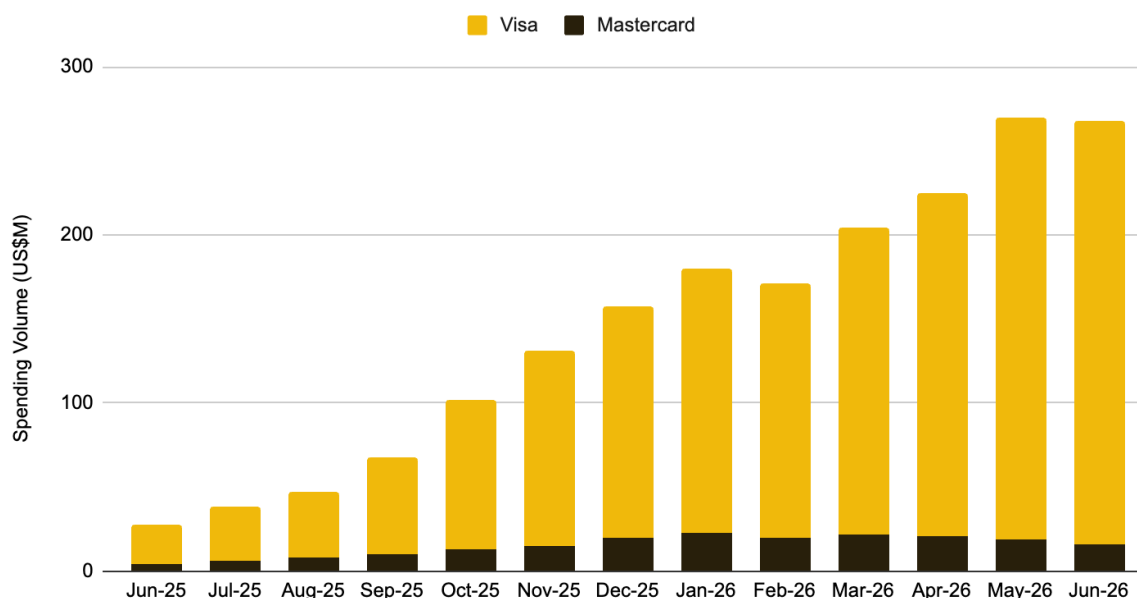
Stablecoin adoption moved beyond issuance into payment and settlement infrastructure during H1.

In the tracked crypto-card sample, monthly spending exceeded US\$250M in May and June, with Visa accounting for more than 90% of activity. The larger development occurred behind the card: Visa's stablecoin settlement pilot reached a US\$7B annualized run rate in Q2, up 50% QoQ and double the US\$3.5B pace recorded in November 2025, while support expanded to 9 blockchains.

Visa followed a partnership-led model. Its collaboration with Bridge was live in 18 countries, with planned expansion to more than 100, creating a route from stablecoin balances to Visa's global merchant network. The initial rollout was concentrated in Latin America before planned expansion across Europe, Asia-Pacific, Africa and the Middle East. Visa also expanded the ability of participating issuers and acquirers to settle their obligations in stablecoins rather than relying entirely on pre-funded fiat balances.

Mastercard took a more direct route by acquiring the underlying infrastructure. It agreed to purchase BVNK for US\$1.5B plus up to US\$300M in contingent consideration in March and completed the transaction on August 3. BVNK provides stablecoin payment infrastructure and direct access to European instant-payment rails. The contrast is important: stablecoins are shifting from specialist tools used by crypto companies into infrastructure that global payment networks are either integrating or acquiring outright

Figure 32: Crypto card spending exceeds US\$250M monthly as stablecoin payment infrastructure expands



Source: Paymentscan, Binance Research, as of June 26, 2026

Traditional Markets Extend the Trading Day

Traditional venues are moving toward the availability model crypto exchanges have operated since inception. Nasdaq received SEC approval in April for 23-hour trading, five days per week, with launch planned for December 6, 2026. NYSE Arca has approval for a 22-hour model and is preparing a longer overnight session, while the London Stock Exchange plans to launch a separate overnight venue in H1 2027, initially covering exchange-traded products.

Figure 33: Traditional exchanges extend trading hours but retain a five-day market structure

Venue	Model	Status	Launch	Scope
Nasdaq	23/5	SEC approved	Targeting December 2026	NMS stocks and ETPs
NYSE	23/5	Proposed; SEC approval pending	Targeting December 2026	NMS stocks
LSE	Separate overnight venue, 17:00–07:50	Announced; regulatory approval pending	H1 2027	ETPs initially
Crypto Exchange	24/7	Live	-	Spot, perpetuals and tokenized equities

Source: Binance Research, as of August 5, 2026

The extension validates demand for access outside domestic market hours, particularly from international and retail participants. Julia Hoggett, the LSE's chief executive, said retail investors are increasingly used to trading when they wish rather than when markets are open, and pointed to Asian flow seeking global exposure in its own timezone. **It does not, however, create the same structure as a continuously operating crypto venue.**

1. **Weekend coverage remains absent:** Each announced model operates five days per week. Extended sessions may reduce the gap visible at the regular Monday open, but price discovery still pauses over the weekend rather than becoming continuous.
2. **Trading is extended rather than fully continuous:** Nasdaq and NYSE Arca retain a one-hour break for trade clearance, system maintenance, securities operations and the transition to the next trade date, while LSE 24 includes a 30-minute end-of-day pause. The models therefore extend trading around the existing post-trade cycle rather than eliminating it.
3. **ETPs before single stocks:** LSE 24 will initially cover ETPs and operate separately from the Main Market before potentially expanding into individual equities. This extends access but does not create one continuous liquidity pool.

Crypto venues retain several structural differences: weekend coverage, stablecoin settlement, cross-asset collateral and perpetual exposure in the same account. Overnight

liquidity remains thinner and continuous trading may not suit every security or investor, but the remaining gap is shifting from scheduling toward settlement infrastructure.

DTCC began narrowing that gap in July by converting DTC-held securities into tokens used in live production transactions across equities, Treasuries, securities lending and collateral workflows. Its broader Tokenization Service is scheduled for October 2026 and will allow eligible securities to move between traditional and tokenized form while retaining the same economic rights and investor protections.

Institutional Cash Splits into Three Models

Institutional on-chain cash is developing through three distinct structures: **non-bank stablecoins**, **tokenized commercial-bank deposits** and **tokenized Treasury or money-market funds**. Each serves a different function. Stablecoins prioritize transferability and distribution, deposit tokens retain a claim on the issuing bank, while tokenized funds provide access to short-duration yield.

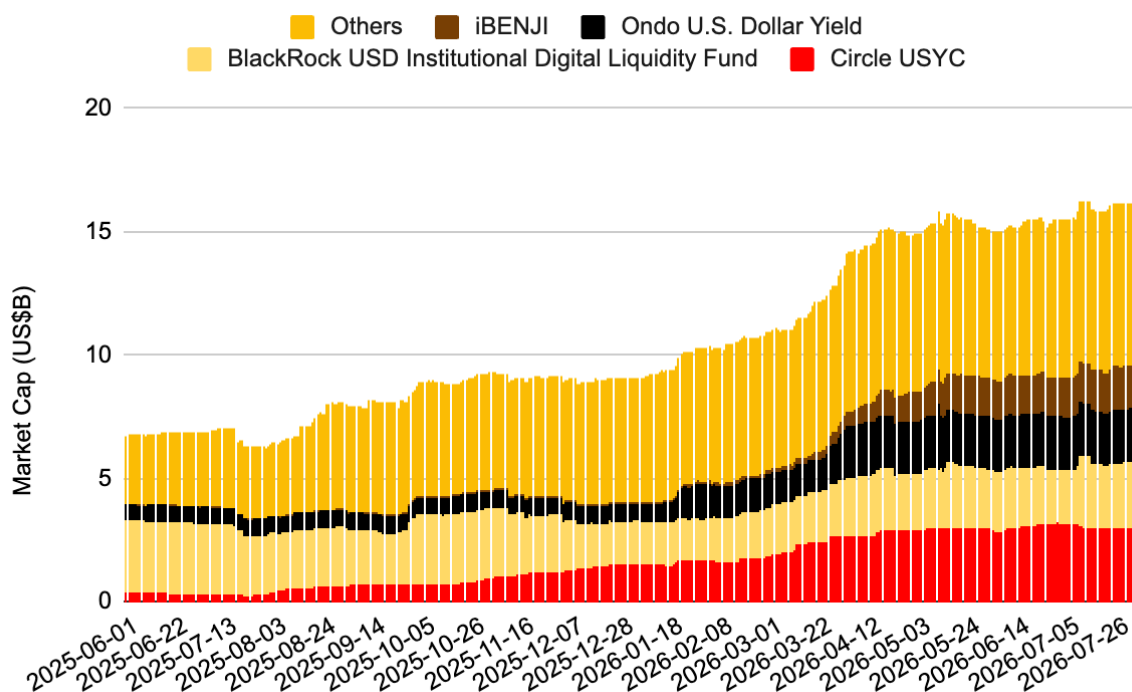
The most consequential new stablecoin initiative was Open USD. Announced in June by a consortium of more than 140 businesses, OUSD allows businesses to mint and redeem without fees or volume limits and distributes reserve earnings to participating partners after operating costs. The model builds on the **distributor-sharing structure** introduced by USDG, **shifting more of the economics from the issuer toward the platforms** that distribute and use the asset. OUSD is expected to launch later in 2026.

The wider field of regulated issuers also filled out during the half: Fidelity launched the Fidelity Digital Dollar (FIDD) on Ethereum in February, issued through a national bank subsidiary and backed by cash and short-dated Treasuries under GENIUS Act standards. Ripple's NYDFS-regulated RLUSD reached around US\$1.55B in supply with reserves held at BNY, while Societe Generale's MiCA-issued USD CoinVertible arrived on MetaMask. These developments show that the **institutional stablecoin market is expanding beyond crypto-native issuers**, although distribution and interoperability will matter more than the number of new tokens alone.

Some banks are following a different route by **tokenizing deposits rather than issuing reserve-backed stablecoins**. JPM Coin, trading under the JPMD ticker, became available to institutional clients on Base and is being extended toward Canton. Citi Token Services similarly enables participating institutional clients to transfer liquidity across branches on a 24/7 basis. Deposit tokens retain the asset as a liability of the issuing bank, providing clearer integration with existing corporate treasury, accounting and compliance systems, but generally within a more restricted network.

Tokenized Treasury and cash-management funds remain the largest yield-bearing segment. Aggregate value rose from approximately US\$7B at the start of 2026 to more than US\$15B by early August. Their significance extends beyond market growth: they allow on-chain balances to earn short-duration government yields while remaining available for collateral, settlement and treasury management. Access nevertheless remains more restricted than for stablecoins, with several products relying on investor whitelists, minimum subscriptions and controlled transfer rules.

Figure 34: Tokenized Treasury and cash funds exceed US\$15B in assets



Source: RWA.xyz, Binance Research, as of August 5, 2026

Yield-Bearing Crypto Expands the Wrapper

Traditional asset managers are also adding income features to crypto investment products. This aims to close a structural gap in crypto product design, as neither Bitcoin nor an unstaked ETF generates cash flow. The shift is less about changing the underlying asset than expanding the portfolio mandates in which crypto exposure can sit. Two models have emerged: **staking wrappers** that pass through protocol-generated rewards and **covered-call products** that convert part of the asset's upside into option income.

Solana staking funds established the first U.S. template in 2025, **combining spot exposure with on-chain rewards**. H1 2026 extended the structure to Ethereum through BlackRock's ETHB, which seeks to reflect both the price of ETH and rewards earned from staking part of the fund's holdings, with distributions made monthly. The growth of these products reduces the operational burden of staking directly, but introduces fund fees, validator and slashing risk, and possible delays when assets enter or exit staking.

Bitcoin requires a different structure because the protocol does not generate native staking income. Covered-call funds create distributions by selling options against part of their Bitcoin exposure. BlackRock's BITA launched on June 9 with a 0.65% fee and seeks to write calls against approximately 25-35% of portfolio assets. Similar strategies are now

available through exchanges (Binance) and other asset managers and, from July, through systematic products offered directly to BTC holders on crypto platforms. **Competition is likely to intensify across fees and headline distribution rates**, but the more important differentiator will be **net total return**: how much option income each strategy generates relative to the upside it gives away.

The distinction is financially important. Staking rewards are paid by the underlying protocol in exchange for committing assets to network validation. Covered-call distributions are funded by selling part of the holder's future upside, with income dependent on option prices and implied volatility. Headline distribution rates should therefore not be interpreted as standalone yield or compared directly with cash rates without accounting for underlying price risk, foregone upside and total return.

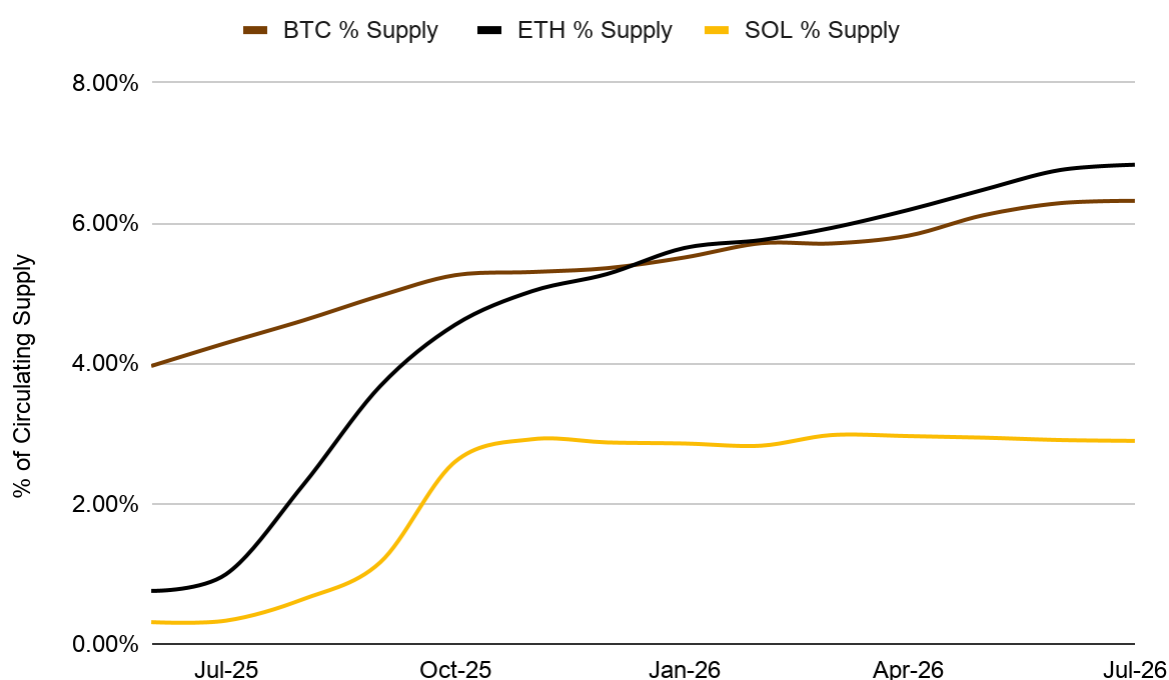
4.3 Digital Asset Adoption

Treasury Companies Face Their First Stress Test

We had previously flagged in our [2025 Full-Year report](#) that 2026 could expose oversaturation among digital-asset treasury companies and weaken the valuation premiums supporting their accumulation models. H1 delivered that stress test.

The number of listed treasury companies remained elevated, but financing conditions deteriorated. At the end of 2025, 194 publicly traded companies held roughly 1.1M BTC. By early August 2026, approximately 196 public companies held 1.26M BTC. Holdings therefore continued to rise in absolute BTC terms, but falling asset prices and weaker equity valuations reduced the market value of those holdings and compressed the premiums through which many treasury companies had financed further purchases.

Figure 35: Public company ownership of digital assets



Source: BTC Treasuries, Strategic ETH Reserve, Blockworks, Binance Research, as of August 5, 2026

The model depends on the **relationship between equity value and underlying asset value**. When a treasury company trades above the value of its holdings, it can issue equity, purchase additional assets and increase crypto exposure per share. Below that level, the same transaction becomes dilutive to BTC exposure per share. Strategy's market capitalization fell below its gross BTC NAV during H1, reaching approximately 0.7 by late June.

Figure 36: Strategy's market capitalization falls below its BTC NAV in H1 2026



Source: mNAV.com, Binance Research, as of August 5, 2026

Strategy responded by strengthening its balance sheet. During Q2, it increased holdings by 11% to 846,000 BTC, reduced convertible debt by 18% to US\$6.7B, raised its U.S. dollar reserve by 12% to US\$2.4B and increased Bitcoin per share by 5%. Smaller treasury companies had fewer financing options, with several selling digital assets to repay debt, fund operations or wind down their treasury strategies. For the first time since the model became widespread, **treasury companies began to emerge as a source of market supply rather than a consistently one-directional buyer**.

Yield Separates Treasury Models

ETH treasury companies entered the downturn with an **additional source of cash flow**. BitMine, the largest ETH treasury, held approximately 5.8M ETH by July, with around 4.9M staked and projected annualized staking revenue near US\$250M. This does not remove exposure to falling ETH prices or equity-market discounts, but it provides recurring income that a Bitcoin-only treasury cannot generate from the asset itself.

The distinction matters as treasury companies **shift from accumulation toward balance-sheet sustainability**. Bitcoin vehicles depend primarily on asset appreciation, external financing and equity premiums, while staking-based treasuries can use protocol

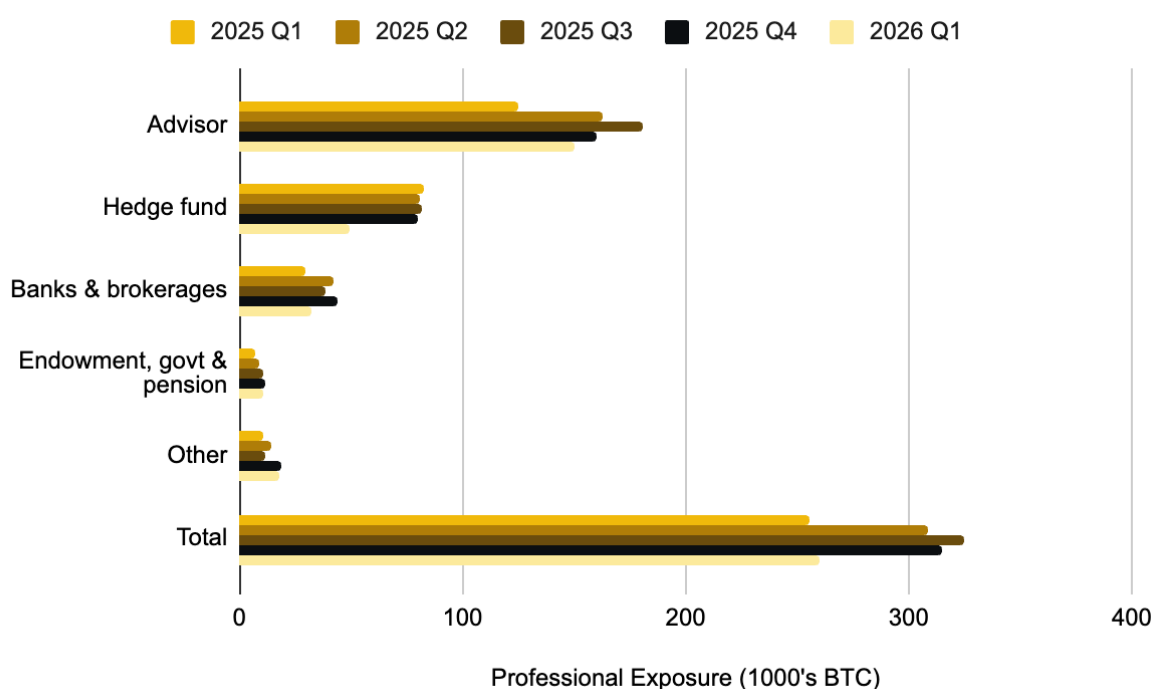
rewards to offset part of their operating, financing and dividend costs. Yield therefore became a differentiator in treasury resilience, not simply an additional return source.

Ownership Rotates Beneath the Headline

The more consequential adoption test is occurring among institutions whose primary business is not holding crypto. Q1 13F filings, the latest complete professional-ownership dataset, showed U.S. spot Bitcoin ETF holdings falling from 313K to 261K BTC equivalent, a 17% quarterly decline and the largest reduction since launch. Their dollar value fell 35% to US\$17.8B, while 13F filers' share of total ETF AUM declined from 24.7% to 20.8%.

The headline decline was not uniform. Hedge funds and brokerages accounted for approximately 96% of the reduction as negative futures funding reduced the profitability of basis trades and encouraged leveraged positions to unwind. Advisors reduced exposure by only 5.9% and remained up 20% YoY, while banks more than doubled their holdings to approximately 15.2K BTC. The data therefore point to a rotation away from tactical and financing-driven exposure rather than a broad institutional withdrawal.

Figure 37: Hedge funds and brokerages drove 96% of professional selling in Q1 2026, as banks and governments added exposure



Source: Bloomberg, CoinShares, Binance Research, as of May 30, 2026

Q2 filings will show whether the improvement in ETF flows after March translated into renewed professional positioning. The more durable adoption signal will be whether advisors and banks continue to build strategic allocations, rather than whether hedge funds re-enter short-term basis trades.

05 / Regulation and Policy

The first half of 2026 marked a turning point from writing rules to enforcing them across the digital asset industry.

In the U.S., the focus widened beyond stablecoins to comprehensive market-structure reform as the CLARITY Act cleared committee, though a Fed leadership change and a stalled CBDC ban added fresh political uncertainty.

In Europe and across Asia's major financial hubs, regulators shifted from drafting frameworks to supervising live markets.

Figure 38: Key regulatory milestones in H1 2026

Date	Jurisdiction	Event
Jan 5	UAE	Binance's ADGM-licensed entities begin operations
Jan 12	US	Senate Banking circulates CLARITY Act draft
Jan 30	US	Kevin Warsh nominated as Fed Chair
Feb 4	UK	Cryptoassets Regulations 2026 made
Feb 6	China	PBOC-led notice restricts offshore yuan stablecoin issuance
Mar 12	US	BlackRock iShares Ethereum Staking Trust launches
Apr 2	Japan	Cabinet approves FIEA amendment bill
Apr 10	Hong Kong	HKMA grants first stablecoin licenses to HSBC and Anchorpoint
May 14	US	CLARITY Act clears Senate Banking Committee (15–9)
Jun 1	US	Revised CLARITY text placed on Senate calendar
Jun 11	Japan	Lower House passes FIEA amendment bill
Jun 22	US	Senate passes housing bill carrying four-year Fed CBDC ban
Jun 24	US	Trump refuses to sign package, leaving CBDC ban unenacted
Jun 30	UK	FCA publishes final crypto rulebook
Jun 30	Taiwan	Virtual Asset Service Act passes third reading
Jun 30	US	SEC opens "novel ETF" comment period
Jul 1	EU	MiCA grandfathering period expires

Source: Binance Research, as of July 8, 2026

5.1 United States

Market Structure: The CLARITY Act Grinds Forward

With stablecoin law settled by the 2025 GENIUS Act and an accommodating SEC under Chairman Paul Atkins, the unfinished business of H1 2026 was market structure. The CLARITY Act - the descendant of the House's 2025 FIT21 effort - sorts oversight by asset type: commodity-like tokens fall under the CFTC, securities-like tokens remain with the SEC, and intermediaries in the commodity segment report into a purpose-built CFTC licensing regime.

Progress was genuine but incremental. A 278-page committee draft in mid-January framed the debate by **outlawing passive yield on stablecoin holdings while sparing activity-based rewards**. The thorniest political knot - how to treat that yield - was untied on May 2, when Senators Tillis and Alsbrooks brokered language separating prohibited interest-equivalent returns from permissible activity-based rewards. Banks pushed back hard, warning that the carve-out tilted the field toward stablecoin issuers, but the compromise cleared the way for a markup. On May 14, the Banking Committee advanced the bill 15–9, with two Democratic crossover votes supplying the margin.

Clearing committee, however, is only an early step toward passage in both the Senate and the House. After a revised text reached the Senate calendar on June 1, the bill still had to be merged with the Agriculture Committee's version, survive a 60-vote floor test, be reconciled with the House, and secure the President's signature - none of which had happened by mid-year.

With housing legislation, an Iran war-powers measure, the farm bill, and the NDAA all competing for floor time, a realistic vote slipped toward autumn or a post-midterm session. Kalshi reflected the uncertainty, pricing the odds of **crypto market-structure legislation becoming law before 2027 at roughly 39%**.

Federal Reserve Leadership: The Warsh Wild Card

The most consequential shift in U.S. digital-asset policy during H1 2026 stemmed not only from legislation, but also from a change in Fed leadership. On January 30, President Trump nominated former Fed Governor Kevin Warsh (2006–2011) to succeed Jerome Powell as Fed Chair. **Markets viewed Warsh as a hawk** - a critic of quantitative easing who favors rules-based policymaking - bringing renewed attention to the Fed's future policy direction.

The implications for crypto, however, extend beyond the interest-rate outlook. Warsh has publicly **described Bitcoin as a "policeman" that disciplines loose monetary policy** and holds stakes in crypto-adjacent ventures.

For the industry, the key issue is his regulatory approach: how a Warsh-led Fed treats stablecoin reserves, bank custody of digital assets, and tokenized deposits could determine whether traditional financial institutions gain broader access to on-chain markets. Combined with Atkins' more permissive SEC, a lighter-touch Fed would create one of the most supportive U.S. regulatory environments for digital assets to date.

However, renewed tensions in the Iran conflict complicated this outlook by pushing energy prices higher and reviving inflation concerns, making the Fed **less likely to ease policy in H2 2026**. Markets subsequently pushed expectations for rate cuts further into 2027.

CBDC Policy: A Ban Passes Congress, Then Stalls

The U.S. hardened its opposition to a retail digital dollar in H1 2026 - only to trip over unrelated politics before the measure could take effect. The baseline was a 2025 executive order barring federal agencies from issuing a CBDC, a stance any future president could reverse.

Congress tried to make it durable. On June 22, the Senate passed a housing bill carrying a four-year statutory prohibition on a Federal Reserve CBDC. Two days later, though, **President Trump refused to sign the package** - not because of the provision prohibiting a Federal Reserve CBDC, which he supports, but **as leverage to force through a separate elections bill**. Because the ban rode as a rider rather than standing alone, it became a bargaining chip and was left unenacted at the period's close, leaving the 2025 executive order as the only prohibition still in force.

The episode nonetheless underscored durable political resolve against a public digital dollar and **reaffirmed America's preference for privately issued stablecoins under the GENIUS Act**. It also widened the gap with other blocs: the ECB keeps pitching a digital euro as its counter to dollar stablecoins, while China promotes an interest-bearing e-CNY as the state-run alternative. With no public rail on the table, the Fed's calls on reserves, custody, and tokenized deposits under Warsh become the effective control points for digital-dollar activity in the United States.

SEC and ETF Framework Expansion

The SEC kept compressing product timelines, trimming **spot-commodity ETP reviews from roughly 240 days to around 75 days**. The clearest H1 2026 milestone was **BlackRock's iShares Staked Ethereum Trust ("ETHB")**, which began trading on March 12 and became the first major staked-ETH spot fund, generating yield by staking its holdings through a regulated custodian.

On June 30, the Commission pushed further, opening a comment window on a **"novel ETF" framework** aimed at prediction-market and other complex products, seeking to standardize approvals and cool the race among issuers to file first.

5.2 Europe

European Union: The Grandfathering Cliff

Europe's defining moment in H1 2026 was a deadline rather than a launch. MiCA's Article 143 transition period - **which had allowed firms to continue operating under legacy national licenses - expired on July 1**. ESMA's message was clear: serving EU clients beyond that date without MiCA authorization would constitute a breach of EU law.

The attrition was significant. Of the 1,200-plus firms once registered nationally, **only a minority - fewer than one in five - had secured MiCA authorization by the cutoff**, forcing the remainder to exit or restructure. Platforms prepared in advance, with some removing non-compliant tokens such as USDT from their offerings, while Circle's USDC and EURC emerged as compliant benchmarks.

Enforcement fed directly into a broader reform debate. **"MiCA 2.0"** discussions now revolve around stablecoins in wholesale payments, how to treat multi-issuer token designs, and whether ESMA should take on greater supervisory responsibilities from national authorities. The ECB, for its part, continues to warn that dollar stablecoins could weaken eurozone monetary control - while **promoting a digital euro as a potential alternative**.

A parallel challenge emerged in March: e-money token custody and transfer activities may now require **both a MiCA license for crypto-asset services and a PSD2 license for payment activities**, creating a double compliance burden that has raised concerns about EU competitiveness relative to the U.S. and UK.

United Kingdom: Switching On a Rival Regime

While Brussels enforced, London built. The **Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026, made on February 4, brought crypto into the FCA's remit**, and on June 30 the FCA published its final rulebook covering trading venues, custody, intermediaries, staking, and stablecoin issuance - the payoff of years of consultation. Firms may apply between September 30, 2026 and February 28, 2027, but the regime will only fully apply from October 25, 2027.

The FCA also softened its approach after industry feedback, halving the non-systemic stablecoin capital charge to **1% of issuance, with a £350,000 floor**, and placing systemic issuers under joint FCA/Bank of England oversight.

Strategically, the UK positions itself as **a parallel to MiCA rather than a copy** - its overseas branch model is designed to keep international liquidity within reach. In April, the government explored going further still by considering whether UK-issued stablecoins should eventually move outside the crypto perimeter and into a modernized payments regime.

5.3 Asia

UAE: Institutional Depth Across Five Regulators

The UAE deepened rather than debated. A January 1 restructuring placed the federal Capital Market Authority at the top of a five-regulator system, and **Binance's ADGM entities went live on January 5**. By mid-year, more than 100 licensed virtual-asset entities were operating across the five regimes.

AED-referenced stablecoins matured under the CBUAE's payment-token rules, while USDU became the first foreign payment token to register, and **Dubai's tokenized real-estate market** moved from pilot programs into a live 24/7 secondary market.

Hong Kong: From Paper to Practice

Few jurisdictions produced a more tangible stablecoin milestone. On April 10, the HKMA issued its **first two licenses under the Stablecoins Ordinance - to HSBC and Anchorpoint Financial**, a Standard Chartered/HKT/Animoca consortium - selected from 36 applicants, representing **a demanding ~5.6% approval rate**.

The two are targeting different markets: HSBC is integrating its HKD-backed stablecoin into existing consumer rails such as PayMe for an H2 launch, while Anchorpoint's HKDAP is an institutional-focused initiative designed for cross-border settlement and supply-chain finance. Elsewhere, the February Budget granted digital assets qualifying-investment status for family offices, and **the number of licensed trading platforms reached eleven**.

Mainland China: Bolting the Offshore Door

Beijing spent H1 2026 sealing off the one path some had hoped remained open - offshore yuan tokens. A February 6 joint notice from the PBOC and seven other agencies barred the overseas issuance of yuan-pegged stablecoins without approval, **extended the restriction to offshore affiliates of Chinese firms, brought RWA tokenization under the same restrictions**, and reaffirmed that crypto trading remains illegal on the mainland.

The move dovetailed with the **promotion of the state's own e-CNY**, which began paying wallet interest on January 1. The fallout landed squarely on Hong Kong: Ant Group and JD.com abandoned their license plans, highlighting the tension between the city's "coin hub" ambition and Beijing's control over yuan settlement.

Japan: Toward Securities-Style Oversight

Japan advanced its most consequential digital-asset overhaul since 2017. A Cabinet-approved **FIEA amendment** cleared the Lower House on June 11, **shifting crypto trading out of the payments-oriented PSA and into the securities framework**, bringing in market-conduct, insider-trading, and disclosure rules.

Stablecoins remain under the PSA, while NFTs remain outside the perimeter. Running in parallel - but legally distinct - is a tax proposal to **cut the top crypto rate from around 55% to a flat ~20%**, widely seen as a precondition for any **Tokyo-listed spot crypto ETF**.

Taiwan: A First Dedicated Statute

Taiwan enacted its first comprehensive crypto law on June 30 - **the Virtual Asset Service Act** - moving from a light-touch AML registration model toward a full licensing regime. The 56-article statute designates the FSC as the primary VASP regulator and defines seven licensed activity categories. Existing AML-registered VASPs will have 12 months to apply, with up to 21 months to secure full approval.

Stablecoin issuers require FSC approval, must hold **100% reserves in trust**, and are barred from paying yield. Unlicensed operations carry significant penalties, including imprisonment and fines of up to NT\$100M (~US\$3.1M). The framework is expected to take practical effect around early 2027.

Figure 39: Regulatory watchlist for H2 2026 and beyond

Signal to Watch	Leading Indicator	Why It Matters
CLARITY Act floor vote	Senate floor time; Banking and Agriculture texts merged	Determines whether U.S. market-structure rules become law or slip into 2027
Warsh confirmation	Hearing questions on stablecoins, bank custody, and tokenized deposits	Sets the Fed's tone on bank participation in digital assets
CBDC ban revival	Reintroduced as standalone bill or attached to another package	Decides whether the U.S. CBDC ban becomes statutory or remains executive-only
EU "MiCA 2.0" review	ESMA-centralization language in consultation drafts	Shows whether EU supervision shifts from national regulators toward ESMA
UK authorization window	Early application volume and branch-model uptake	Tests whether the UK's parallel framework can attract global crypto firms
Japan FIEA reform	Upper House scheduling and tax-reform progress	Confirms securities-style crypto oversight and possible ETF groundwork
Hong Kong dealer/custodian bill	Draft legislation submitted to LegCo	Expands Hong Kong's regime beyond stablecoins
Taiwan sub-regulations	FSC implementing rules	Determines how strict Taiwan's new VASP regime will be in practice

Source: Binance Research, as of July 8, 2026

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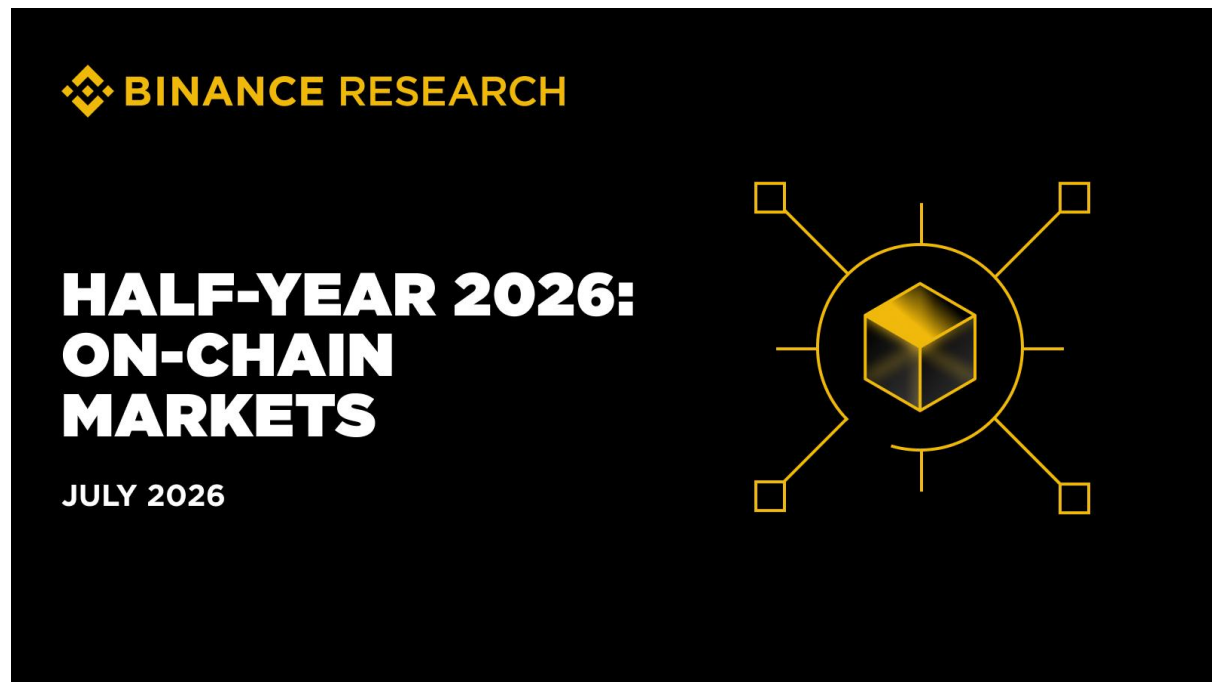
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Moulik Nagesh
Macro Researcher

Moulik is a Macro Researcher at Binance and has been involved in the cryptocurrency space since 2017. Prior to joining Binance, he held cross-functional roles at Web3 and Silicon Valley-based tech companies. With a background in co-founding startups and a BSc in Economics from the London School of Economics and Political Science (LSE), Moulik brings a well-rounded perspective to the industry.



Michael JJ
Macro Researcher

Michael is a macro researcher at Binance. Prior to this, he worked as an economist at a U.S. private wealth management firm, focusing on cross-asset allocation. He also served as editor-in-chief at a media company, overseeing cryptocurrency reporting and educational content. Earlier in his career, he was a consultant at Ernst & Young and a crude oil trader at an energy firm.



Lim Kim Thye
Macro Researcher

Kim is a Macro Researcher at Binance. Researching the crypto markets full-time since 2021, he previously served as a Senior Investment Research Analyst at a crypto asset management firm, where he specialised in crypto investment strategy and rigorous asset valuation. Before dedicating his career entirely to the crypto space, he was a financial consultant and a trader at an investment bank.



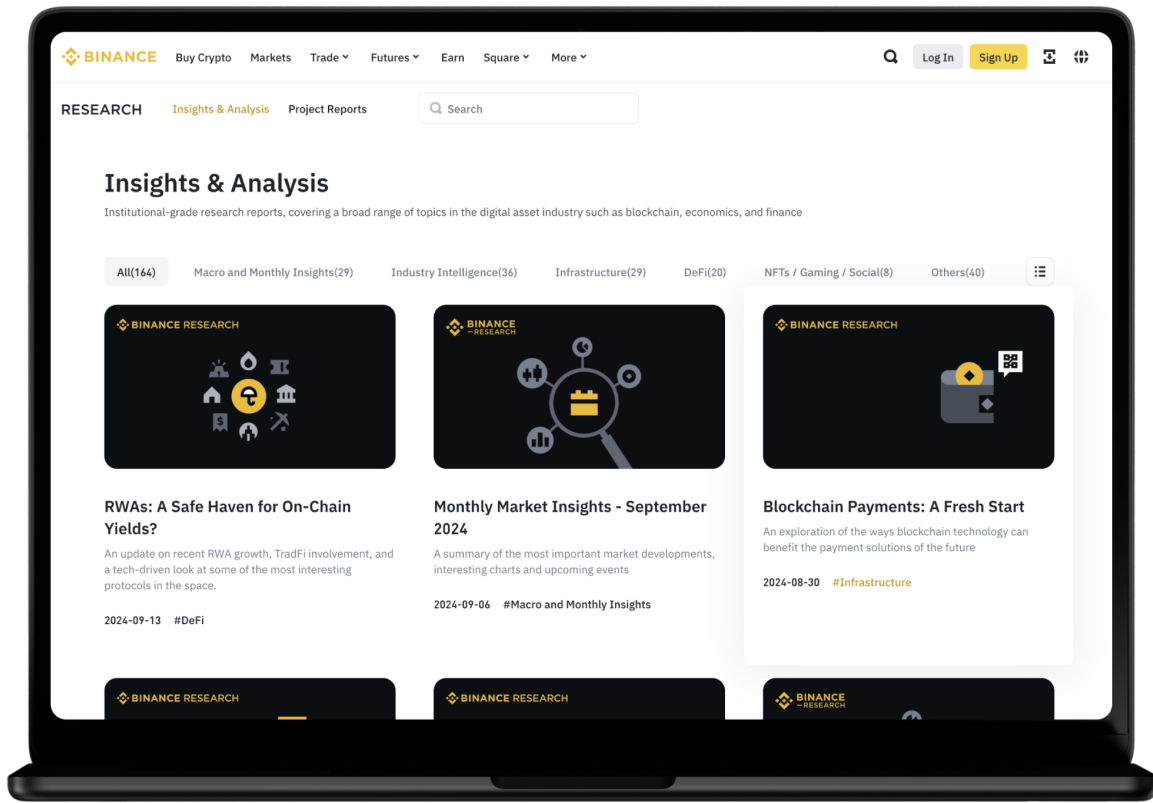
Joshua Hunt

Intern

Joshua is an Intern at Binance. He is currently completing a Bachelor of Arts in Economics and Politics at University College London and has been involved in the cryptocurrency space since 2023, with a focus on macroeconomic narratives, traditional finance and data analysis.

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