Teroxx

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The Institutional Bridge: Digital Assets and Corporations

From Balance Sheets to Rails: The Divergence of Institutional Channels

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This report is a product of Teroxx Research, the research arm of Teroxx, a MiCA regulated digital asset boutique. Coverage spans market commentary, thematic views and tactical insights.

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Executive Summary

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Three months on from our May 2026 edition, the price of Bitcoin has travelled a long distance to arrive almost exactly where it started. From roughly $80,500 in early May, the asset ground lower through June and touched $58,000 on 1 July, its weakest level in twenty one months. It then spent the whole of the summer confined to a narrow band between $62,000 and $65,000, a range so tight that realized volatility fell to levels rarely observed in this asset. That range broke on 19 August, when Bitcoin rose as much as 8.7% to an intraday high of $69,749, its largest single day advance since March, with Ether adding 18% to trade above $2,250.

The catalyst is the most important detail of this reporting period. It was not an approval, a listing, a legislative outcome or a protocol upgrade. The United States Treasury announced that it would at least double the size of its liquidity support buyback operations for longer dated nominal coupon securities across the 10 year to 30 year sector, raising the cap from $2 billion to at least $4 billion per operation, effective from 9 September and running to 4 November. The 30 year yield, which had reached 5.34% on 18 August, its highest since 2007, fell back to 5.19%. The dollar index declined 0.84%. Approximately $2.74 billion of short positions were forced closed across digital asset venues within twenty four hours. A debt management decision produced the largest move in the asset class in five months.

That mechanism defines the period. Digital assets are now priced against the long end of the United States curve with a directness that would have been unrecognisable two years ago. Bitcoin entered 2026 near $93,000 and has spent the year roughly 30% lower and approximately 49% below the October 2025 high of $126,198, a trajectory that tracks financial conditions considerably more closely than it tracks any development internal to the sector. On the same day as the Treasury announcement, President Trump convened the chief executives of Coinbase, Ripple, Robinhood, Kraken, Gemini, Chainlink Labs, Nasdaq and Intercontinental Exchange at the White House and called on Congress to pass what he described as a fair version of the Digital Asset Market Clarity Act.

Beneath the price, the four institutional channels this report has tracked since February diverged for the first time. The two channels keyed to price and to premium contracted. United States spot Bitcoin exchange traded funds recorded $5.4 billion of net outflows in the first half of 2026, the first negative half year since the products launched in January 2024, against $56.6 billion of cumulative inflows over the preceding two years. June alone accounted for approximately $4.5 billion, the largest monthly redemption on record. Trading volume on major Bitcoin exchanges fell roughly 75% from its March peak. In parallel, the digital asset treasury model inverted: Strategy holds 840,447 BTC at an average cost of $75,385, has made no purchase since mid June, has sold approximately 6,948 BTC since May to fund preferred dividends and share repurchases, and trades at a basic multiple of net asset value of 0.66x. Roughly 80% of listed Bitcoin treasury companies now sit below their cost basis.

The two channels keyed to usage compounded. Tokenized equity holders rose 123.6% over thirty days to 1.31 million, monthly transfer volume increased 179.3% to $23.13 billion, and the category now accounts for approximately 6% of all real world asset holders. Stablecoin supply contracted for the first time in four years, falling from a May peak of $321.3 billion to approximately $308 billion, while monthly on-chain settlement volume held above $5 trillion throughout the period and exceeded $10 trillion at its first quarter peak. The apparent contradiction resolves cleanly: legislation made holding a stablecoin an unremunerated position, balances migrated to tokenized Treasury funds, and the instruments that remain are being used rather than warehoused.

On the regulatory front the centre of gravity moved to Europe. The final MiCA transitional period expired on 1 July with no extension mechanism, converting the framework from a compliance project into an operating reality across the Union and reducing a pre-MiCA population of more than 1,200 registered entities to nearly 320 authorised crypto asset service providers. In the United States, the Clarity Act cleared the Senate Banking Committee in May and was placed on the legislative calendar in June, but left for the August recess without a floor vote. A procedural vote requiring sixty affirmative votes is scheduled for 15 September. Prediction markets priced enactment during 2026 between 21% and 30% in August, down from 82% in February.

Access Channels: ETF Flows, Exchange Volumes and the OTC Migration

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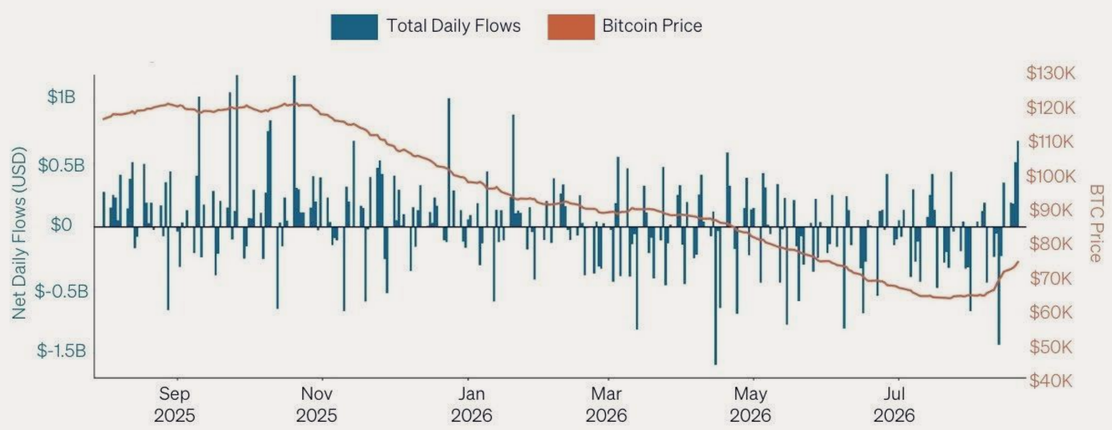
The exchange traded fund complex has completed its first sustained reversal. In our May edition we described April as the strongest inflow month of the year and read the pattern as evidence of counter-cyclical allocation. The three months that followed did not sustain that reading. From 15 May to 3 June the complex recorded thirteen consecutive sessions of net redemption, the longest streak since launch, totalling $4.33 billion or approximately 59,400 BTC. June closed with roughly $4.5 billion of outflows, the largest single month in the history of the product category. The first half of 2026 finished at $5.4 billion negative, the first losing half year on record, and cumulative lifetime net inflows fell from a peak near $63 billion in October 2025 to approximately $52 billion.

Bitcoin Spot ETF Flows vc Bitcoin Price

Daily net flows into United States spot Bitcoin exchange traded funds against the Bitcoin spot price.

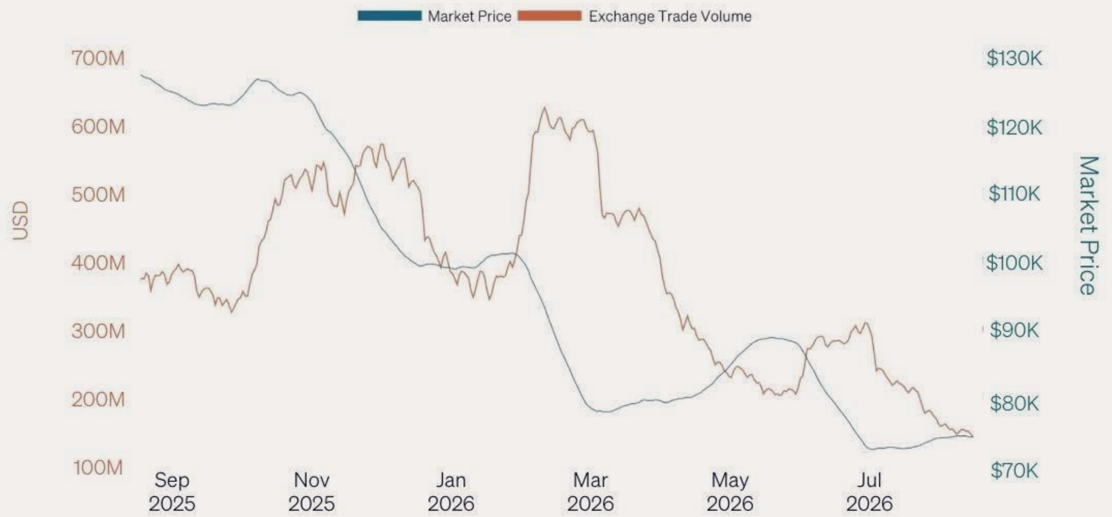


Source: Teroxx Research

The composition of the selling matters more than the aggregate. Institutional filers reduced their spot Bitcoin exchange traded fund positions by 17% during the first quarter, from 313,000 BTC to 261,000 BTC, a 35% decline in dollar terms to $17.8 billion. The share of total fund assets held by 13F reporters fell from 24.7% to 20.8%. The reduction was concentrated in market makers and trading desks rather than in allocators, and it reflects the collapse of the basis trade: the three month Bitcoin futures basis has yielded less than the two year Treasury since February, only the second prolonged inversion on record, removing the principal reason for a professional desk to warehouse the exposure.

The shape of the flow is also diagnostic. Redemptions have arrived in concentrated bursts of a billion dollars or more per week, consistent with systematic and rules based selling, while subscriptions have arrived as a drip. That asymmetry is characteristic of mandate driven rebalancing rather than discretionary exit, and it explains why the complex can post a record outflow half year without any observable change in the underlying holder base. The recovery has followed the same pattern in reverse. Combined Bitcoin and Ether products took $1.1 billion in the week to 15 August, with BlackRock's iShares Bitcoin Trust capturing approximately 80% of the Bitcoin share, and the complex recorded a $517 million single day inflow on 19 August, the largest in three and a half months. Fund trading volumes in the same week nonetheless sat at their second lowest level since October 2024. Flow has returned; engagement has not.

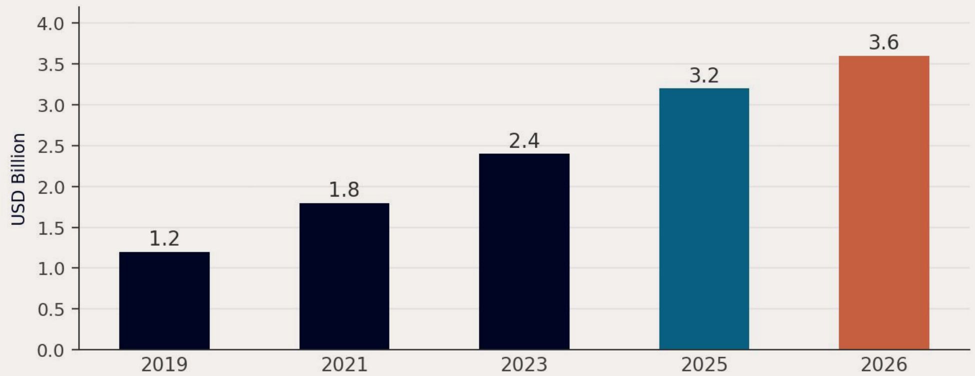
TotalUSD trading volume on major Bitcoin exchanges



Source: Teroxx Research

Activity on centralised venues tells a sharper version of the same story. Thirty day trading volume on major Bitcoin exchanges peaked above $610 million in early March, a spike that coincided with the steepest leg of the price decline and is properly read as capitulation rather than participation. From that peak, volume fell to approximately $150 million by mid August, a contraction of roughly 75%. The two divergences on the chart are instructive. In late 2025 volume rose while price fell, which is distribution. Through the summer of 2026 both fell together, which is disengagement. A market in which price stabilises while volume collapses is not a market that has found a floor through buying; it is one in which sellers have stopped arriving.

Crypto OTC Market Size (in USD billions)



Source: Market Intelo, Teroxx Research as of August 18th 2026

Flow is not disappearing so much as relocating. The over the counter market has grown from $1.2 billion in 2019 to $3.6 billion in 2026, tripling across seven years and adding 12.5% over the 2025 figure alone, expansion that has continued through a period in which lit venue volume contracted by three quarters. The mechanics are straightforward: an institution executing size on an order book pays for the information it reveals, and in a thin market that cost rises sharply. Bilateral negotiated execution removes it. The implication for anyone reading exchange volume as a demand proxy is that the proxy is degrading. Volume on centralised venues increasingly measures retail and algorithmic activity, while the institutional ticket has moved to a channel that publishes nothing.

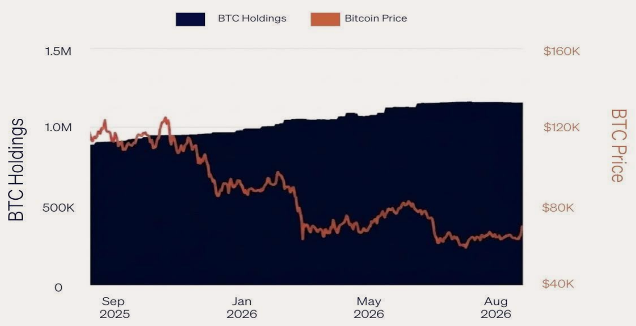
Product competition has meanwhile moved past the question of approval. Morgan Stanley launched its Bitcoin Trust on 8 April and accumulated more than $381 million of assets by mid July, ahead of the Invesco and WisdomTree products that launched in January 2024. On 28 July the firm listed Ethereum and Solana trusts on NYSE Arca at an expense ratio of 0.14%, the lowest in the market, with both vehicles passing staking rewards directly to investors. The competitive frontier is now fee compression and yield pass through rather than access. That shift has a second order consequence for the treasury companies examined in the next section, since a listed vehicle that both charges less and distributes staking income removes the last functional argument for holding the exposure through a corporate balance sheet.

Digital Asset Treasuries: The Flywheel in Reverse

Digital Asset Treasuries: The Flywheel in Reverse

The digital asset treasury model rests on a single condition, and that condition ceased to hold during this period. The segment appears counter-cyclical for as long as the equity trades above the value of the assets it holds, because a premium allows an operator to issue stock into weakness and convert the proceeds into more of the underlying asset per share. Strip the premium away and the same operator cannot act at all. Three months of trading below net asset value have therefore produced a decisive change in behaviour across the cohort, and the mechanics of that change are the subject of this section.

Cumulative Bitcoin held by corporate treasuries against the Bitcoin spot price

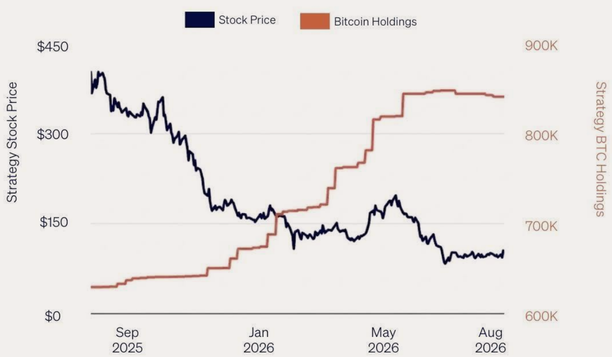


Source: Teroxx Research

Aggregate holdings have continued to rise to approximately 1.17 million BTC, but the curve flattened decisively from March and has been effectively horizontal since June. The distinction between a rising stock and a stalled flow is the entire argument of this section. The cohort still holds a substantial share of supply, and that holding is unlikely to be liquidated in size, but it has ceased to absorb new issuance. A segment that added roughly 270,000 BTC between September 2025 and March 2026 has added almost nothing since.

Strategy provides the clearest illustration. The company holds 840,447 BTC acquired at an average price of $75,385, a total cost of approximately $63.4 billion against a market value near $53.4 billion. It has made no purchase since mid June. Since May it has sold approximately 6,948 BTC for around $432 million, under a June capital framework that permits up to $1.25 billion of Bitcoin sales to fund dividends, interest, buybacks and reserve, of which approximately $429 million has been used. Second quarter results carried an $8.22 billion net loss. In the week to 16 August the company sold 3,458,866 common shares for $333.7 million and directed the proceeds to preferred dividends, repurchases of its STRC instrument and an increase in its dollar reserve to $4.8 billion. Capital is still being raised. None of it is being converted into Bitcoin.

Strategy Bitcoin holdings against its common share price

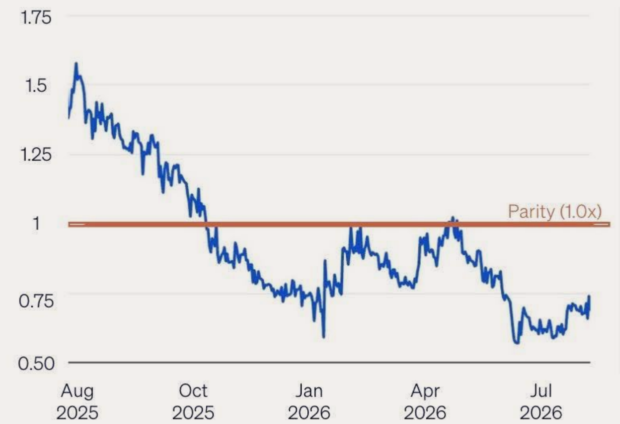


Source: Teroxx Research

The governing variable is the multiple of net asset value. Issuing equity above parity is accretive: each new share funds more Bitcoin than it dilutes, Bitcoin per share rises, and the resulting performance supports the next raise. Below parity the identical action runs in reverse and every share sold reduces the Bitcoin backing of the existing base. Strategy's basic multiple has fallen from roughly 1.5x in September 2025 to 0.66x in August 2026, with enterprise value falling below the value of the underlying holdings in late June. The company redefined its own mNAV calculation on 23 July, so figures published before and after that date are not directly comparable, and the Wall Street Journal has questioned the use of face rather than market value for debt and preferred stock in the enterprise variant. Readers comparing published multiples should confirm which variant is being quoted.

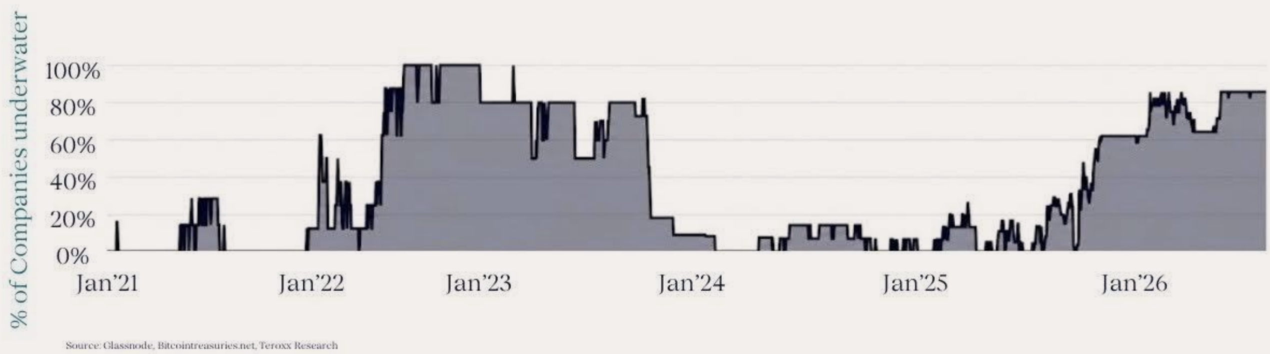
The condition is not confined to the largest operator. Approximately 80% of listed Bitcoin treasury companies now trade below their aggregate cost basis, the highest reading since the 2022 and 2023 cycle when the measure held above 90% for the better part of a year. There are now 196 public companies running some form of Bitcoin acquisition model. After Strategy, the largest positions are Twenty One Capital at 43,514 BTC, Metaplanet at 43,000, MARA at 35,577 and Bitcoin Standard Treasury Company at 30,021. Metaplanet's own dashboard read 0.96x on an enterprise basis in late July. The dispersion that characterised the segment a year ago has collapsed, and the cohort now trades as a single factor.

Strategy premium and discount to the value of its Bitcoin holdings



Source: Teroxx Research

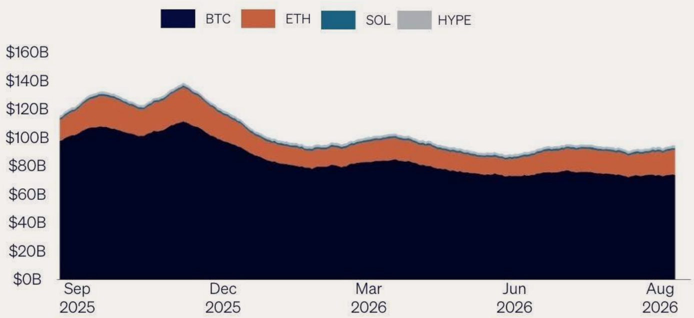
Share of listed Bitcoin treasury companies holding positions below cost



Source: Glassnode, Bitcointreasures.net, Teroxx Research

One risk in this segment is mechanical rather than sentimental and is not captured by any valuation multiple. MSCI has consulted on treatment of companies whose principal activity is holding digital assets, and a simulation run on May 2026 data indicated that Strategy, Metaplanet and Yellow Cake would be deleted from the MSCI ACWI Investable Market Index, with SharpLink, Center Laboratories and Lydia Holding placed on a public watchlist. Index membership is a distinct source of demand with no view on the underlying asset, and its withdrawal produces selling that is indifferent to price. For a cohort already trading at a discount and unable to issue accretively, the loss of passive sponsorship would compound the constraint at precisely the point of least flexibility.

A Stacked Crypto Holdings Value in USD by DATs (Per Asset)



Source: Teroxx Research

Across all assets the cohort now holds approximately $93 billion, against a peak near $145 billion in October 2025, a decline of roughly 36% driven almost entirely by price rather than disposal. Bitcoin accounts for approximately $74 billion of that total and Ether for approximately $17 billion, with Solana and Hyperliquid positions at around $1.5 billion each. The Ethereum treasury cohort has followed the same trajectory: aggregate market capitalization of Ethereum treasury companies stands near $26 billion against a peak above $49 billion in September 2025. The staking yield that differentiated the Ethereum operators has not insulated them, in part because Morgan Stanley's new products now pass equivalent income through a cheaper wrapper.

The segment is not in distress and the distinction is worth stating precisely. There is no forced selling, the convertible instruments carry no margin call provisions, and the largest operator holds $4.8 billion in dollar reserves against near term obligations. What has changed is directional. A cohort that functioned as a persistent bid through 2024 and 2025 has become, at the margin, a modest source of supply, and it will remain so until the equity trades back above parity. The correct forward indicator for this segment is therefore not the Bitcoin price but the multiple of net asset value, since the second determines whether the first translates into buying.

Tokenization: Equities Move to the Front

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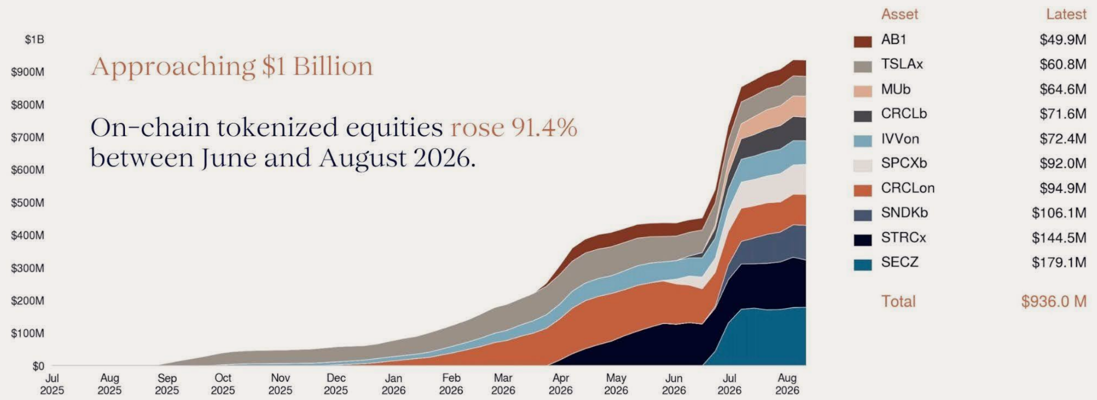
Tokenization is the only theme covered in this report that accelerated on every measure during the period, and within it tokenized equities have moved decisively ahead of the Treasury and commodity products that defined the category a year ago. The number of addresses holding on-chain equities rose 123.6% over thirty days to 1.31 million, monthly transfer volume increased 179.3% to $23.13 billion, and monthly active addresses rose 34.6% to approximately 572,000. Holder count has grown more than 500% since the start of 2026. Tokenized equities now account for approximately 6% of all real world asset holders, a share that was negligible eighteen months ago.

Market capitalisation of leading on-chain tokenized equities



Source: Teroxx Research

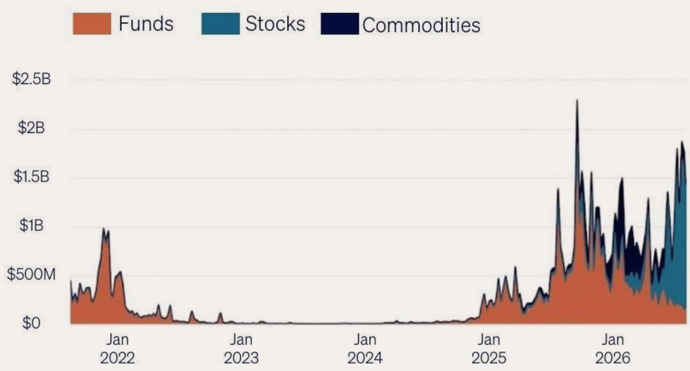
Four drivers account for the acceleration, and they are worth separating because they carry different degrees of durability. The first is distribution. Binance launched bStocks on 11 June through BTech Holdings under an Abu Dhabi Global Market licence and reached $521.8 million of distributed value within two months, effectively matching Kraken's xStocks at $557.8 million, a level that took the latter a year to reach. Ondo Finance leads the segment at approximately $872 million. Distribution through an existing exchange user base has compressed the adoption curve from years to weeks.

The second driver is the trading calendar. Jupiter reports that more than 65% of tokenized equity trades occur outside conventional United States market hours, which identifies the specific gap the product fills. On-chain equities are not competing with a brokerage account during the session; they are serving demand that has no venue at all for roughly two thirds of the week. Nasdaq's proposal to run a near twenty three hour schedule across five weekdays, adding a session from 21:00 to 04:00 Eastern time, is a direct response to that demand and an implicit acknowledgement that the tokenized venue identified it first.

The third driver is private market access. SpaceX's listing on 12 June produced the largest single demand event the category has recorded, with a Binance campaign alone drawing $557 million of subscriptions. Tokenized SpaceX exposure on bStocks now carries approximately 107,000 holders, more than NVIDIA xStock at 64,000 and the NVIDIA Robinhood token at 33,000 combined. The fourth driver is regulatory scaffolding: custody guidance for broker dealers issued in December 2025, the DTCC no-action letter covering tokenization pilots, and the Securities and Exchange Commission proposal published on 18 August that establishes tailored exemptions for crypto investment contracts.

The same episode that demonstrated demand also exposed the constraint. Binance, Bybit and Bitget Wallet cancelled their tokenized SpaceX offerings and refunded subscribers after xStocks proved unable to source sufficient underlying shares against more than $1 billion of aggregate demand. The failure was one of inventory, not of technology, and it points to the structural weakness of the category: creating a token is trivial, sourcing and custodying the asset behind it is not. The instruments themselves are also less homogeneous than the shared label implies. Backed's xStocks are tracker certificates issued by a Jersey special purpose vehicle under a base prospectus approved by the Liechtenstein financial market authority, collateralised one for one and held with regulated custodians. Robinhood Chain tokens are tokenized debt securities issued through a Robinhood affiliated Jersey entity for European customers. Securitize and Superstate are pursuing on-chain native issuance in which the share carries conventional shareholder rights. Three different legal instruments trade under one name, and only the third confers ownership.

Real world asset trading volume by market sector



Source: Teroxx Research

The wider real world asset market recorded $78.1 billion of cumulative trading volume across five years, up 176.2% year on year, with funds at $52.1 billion, stocks at $13.4 billion and commodities at $12.6 billion. The composition shift is the finding. Fund products dominated the cumulative total because they arrived first, but stocks and commodities were negligible until 2025 and now account for the substantial majority of marginal volume. Total distributed value across the category grew from approximately $23 billion at the end of 2025 to $31 billion by March 2026, and Standard Chartered continues to project a $4 trillion market by 2030.

Our assessment is that the category has solved distribution and has not yet solved market structure. Multiple instruments referencing the same underlying now trade simultaneously across separate programmes and venues against a reference market that is open roughly a third of the week, and the pricing discipline that arrangement requires does not yet exist. Secondary depth remains thin outside the largest names, corporate action handling is inconsistent, and the enforceability of the wrapper varies by issuer and jurisdiction. Holder growth of 500% in eight months is a genuine adoption signal. Whether it converts into institutional allocation depends on resolving problems that are legal and operational rather than technical.

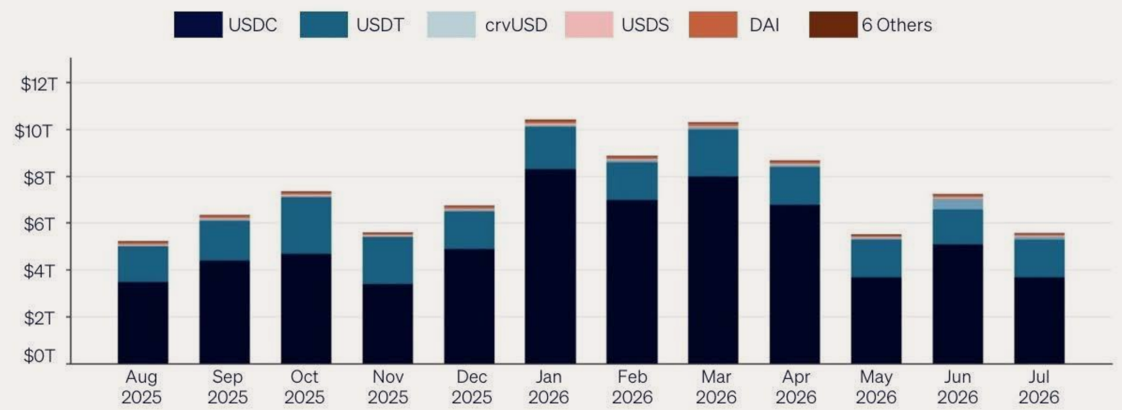
Stablecoins: Supply Contracts, Velocity Compounds

Stablecoins: Supply Contracts, Velocity Compounds

For the first time in four years, stablecoin supply fell. From a peak of $321.3 billion on 17 May, total capitalisation declined to approximately $308 billion by mid August, a contraction of roughly 4.5%. Tether's USDT accounts for approximately $183 billion, or 59% of supply, and Circle's USDC for approximately $72 billion, or 23%, with the two issuers together holding roughly 82% of the market. Every previous edition of this report has recorded a new supply high. The reversal is significant enough that it warrants a precise account of what caused it, because the obvious reading is the wrong one.

Three causes account for the contraction and none of them indicate reduced demand for on-chain dollars. The first is legislative design. The GENIUS Act prohibits issuers from paying yield on payment stablecoins, and the Office of the Comptroller of the Currency's February proposal would extend that prohibition to affiliates replicating yield economics by other means. Congress deliberately made holding a stablecoin an interest free loan to the issuer, and idle balances responded exactly as the design implies they should. The second is substitution. Tokenized Treasury funds grew to nearly $16 billion from $11 billion in March, with Circle's yield bearing USYC overtaking BlackRock's BUIDL for the leading position. That capital has not left the digital asset stack; it has moved one layer up it, into an instrument that pays. The third is jurisdictional. Following the removal of non-compliant tokens from European venues under MiCA, USDT trading volume in Europe fell approximately 20%, while MiCA compliant euro denominated stablecoins reached a record near $900 million by mid-2026.

Monthly on-chain settlement volume of stablecoins by issuing coin



Source: Teroxx Research

Throughput moved in the opposite direction. Monthly on-chain volume ranged between $5 trillion and $10 trillion over the twelve months to July 2026, peaking above $10 trillion in January and February. The weakest month of the period still settled more value than the entire sector is capitalised at, several times over, and the July reading sits above the August 2025 starting point despite a supply base that is now smaller. A sector whose balance sheet is contracting is moving more value per unit of supply than at any prior point.

Velocity also re-ranks the issuers. USDC carried approximately 70% of adjusted transaction volume during the first half of 2026 against USDT's 25%, despite running roughly two fifths of the supply. Circle reported USDC on-chain volume of $21.5 trillion for the quarter to 31 March, up 263% year on year against end of quarter circulation of $77.0 billion. The two tokens now serve distinguishable functions. USDT is the offshore dollar balance of the emerging market saver, held in large static positions and turning over slowly. USDC is the instrument institutions actually settle in. The supply crown and the throughput crown sit on different heads, and a reader who tracks only market capitalisation will draw the wrong conclusion about which issuer is winning.

The resilience argument follows directly. For two years supply growth was a defensible proxy for adoption because holding and using a stablecoin were the same act. Legislation separated them, and the two series have now decoupled for the first time. A contraction in balances alongside record settlement is evidence that the remaining supply is working harder, not that the sector is retreating. On a velocity basis, adoption in this period was the strongest it has ever been.

Institutional infrastructure continued to accumulate around that settlement layer. Standard Chartered and BNY both added services tied to USDC, giving clients access to digital dollar settlement and treasury tooling without constructing their own networks. Circle has set a USDC supply target of $150 billion for the second half of 2026 and reported second quarter revenue of $701 million. It also launched cirBTC, a wrapped Bitcoin token backed one for one by native BTC and custodied under its OCC supervised national trust bank with Chainlink proof of reserve, aimed explicitly at institutional lending, over the counter desks and treasury operations. That last product connects directly to the second section of this report: a regulated wrapped Bitcoin routed through the same compliance channel as the dollar token is the specific piece of infrastructure that bilateral institutional execution has been missing.

Regulatory Frontiers: MiCA in Force, CLARITY at the Threshold

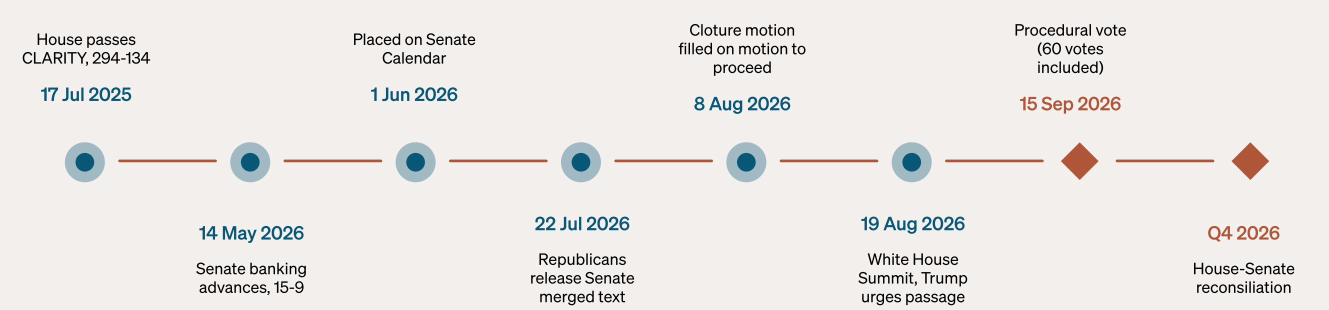
Regulatory Frontiers: MiCA in Force, CLARITY at the Threshold

On 1 July the final European Union transitional period under the Markets in Crypto-Assets Regulation expired. No extension mechanism exists within the regulation and the European Securities and Markets Authority confirmed on 17 April that none would be granted. From that date, any entity providing crypto asset services to clients in the Union without full authorisation is in breach of Union law and must cease operating or execute an orderly wind down. It is worth being precise about what the date does and does not mean, because it has been widely mischaracterised. MiCA did not become enforceable on 1 July. The asset referenced and electronic money token provisions have applied since June 2024 and the service provider regime since 30 December 2024. What ended was the grandfathering window under Article 143(3), and for a substantial part of the Union it had already closed: Germany and Ireland ended theirs on 31 December 2025, and the Netherlands, Poland, Latvia, Hungary and Slovenia allowed only six months.

The consolidation this produced is the material fact for any authorised firm. More than 1,200 entities held national registrations before MiCA. At the close of the transitional period the ESMA register recorded 213 authorised crypto asset service providers across 23 jurisdictions, and the count has since risen to approximately 323 as of mid August, alongside 38 accredited electronic money token issuers. A market that was distributed across twenty seven national regimes and several thousand registered participants is now a defined population operating under a single rulebook with passporting rights across the European Economic Area. The authorisation has ceased to be a compliance cost and has become the market access itself, and the competitive set for any licensed firm is now both knowable and comparatively small.

The framework is nonetheless already under review. The European Commission has opened a targeted consultation asking whether MiCA as drafted remains fit for purpose, covering stablecoins, decentralised finance, offshore service providers, tokenization and the relationship between MiCA and the broader body of Union financial regulation. A second iteration is therefore under discussion before the first has been fully implemented, and firms building to the current text should expect the perimeter to move, particularly on decentralised finance and on the treatment of third country providers.

Legislative progress of the Digital Asset Market Clarity Act



Source: Teroxx Research

In the United States the Digital Asset Market Clarity Act has advanced procedurally without arriving. The House passed the bill 294 to 134 on 17 July 2025, with 78 Democrats in support. The Senate Banking Committee advanced its amended version 15 to 9 on 14 May 2026, all thirteen Republicans joined by two Democrats, and the bill was placed on the Senate Legislative Calendar under General Orders as Calendar Number 423 on 1 June. On 22 July Senate Republicans released a merged text combining the Banking Committee substitute with the Senate Agriculture Committee's Digital Commodity Intermediaries Act. A cloture motion on the motion to proceed was filed on 8 August. The Senate then left for recess without a floor vote, and Majority Leader Thune confirmed that a vote would follow in September. A procedural vote requiring sixty affirmative votes is scheduled for 15 September, and Republicans need approximately six Democratic votes to reach it.

Three disputes are responsible for the delay and each is separable. The ethics provision addressing officials' digital asset holdings remains the principal obstacle; the Senate version carries its own timing clause with the prohibition sunsetting on 20 January 2029, and the Banking Committee minority has published an analysis arguing that the drafting leaves the President's principal sources of digital asset income uncovered. Stablecoin rewards language continues to draw opposition from the banking trade associations, which read activity linked incentives as functionally equivalent to deposit interest. The treatment of decentralised finance developers and protocols is the third. On the substance of the framework there is comparatively little disagreement: digital commodity spot markets would sit with the Commodity Futures Trading Commission and assets classified as securities would remain with the Securities and Exchange Commission, with an effective date 360 days after enactment.

The White House meeting of 19 August should be read against that arithmetic rather than as a substitute for it. The President convened the leadership of the principal exchanges, issuers and market operators and called for passage of a fair version of the Act, and Coinbase's chief executive framed the legislation as the mechanism that would make the current administrative posture durable beyond this administration. The advocacy is unambiguous. The vote count is not. Prediction markets priced 2026 enactment between 21% and 30% during August, down from 82% in February, and Galaxy Research put the odds at approximately even in July. With three working weeks in September before both chambers turn to the midterm campaign, the calendar remains the binding constraint.

The more consequential development may be that the agencies have stopped waiting. On 18 August the Securities and Exchange Commission proposed its first dedicated framework for digital asset offerings, creating two tailored exemptions for crypto investment contracts under which issuers could raise up to $5 million under the smaller path while retaining specified disclosure obligations, with financial statements and ongoing reporting required for larger offerings. The proposal also establishes a mechanism by which certain assets may exit securities classification once a project satisfies criteria for decentralisation of managerial control, which is the substantive question the Clarity Act was drafted to answer. Chair Atkins has stated that the Commission is ready and able to issue rules touching the same ground while maintaining that legislation is needed to make the settlement durable. The practical regime on both sides of the Atlantic is being constructed by supervisors. The legislature has become the ratifying step rather than the operative one, and firms should plan accordingly.

Conclusion

Conclusion

The defining fact of this period is that the largest single day move in digital assets since March was produced by a United States Treasury debt management announcement. Not a listing, not a legislative outcome, not a protocol upgrade, and not a flow event internal to the sector. An adjustment to the size of liquidity support buybacks in the 10 to 30 year sector moved Bitcoin 8.7% and Ether 18%. Whatever else can be said about the maturation of this asset class, it now trades as a long duration liquidity instrument, and the long end of the curve is the variable that matters most to it.

The second observation is that the four institutional channels this report has tracked since February have separated. Through 2024 and 2025 they moved together, and it was reasonable to treat exchange traded fund flows, treasury company accumulation, tokenization growth and stablecoin supply as four readings of a single underlying trend. That is no longer true. The two channels keyed to price and to premium contracted sharply: the fund complex posted its first negative half year and the treasury cohort ceased buying and began selling at the margin. The two channels keyed to usage compounded: tokenized equity holders more than doubled in a month and stablecoin settlement reached record throughput while supply fell. Composition has changed, not magnitude.

The treasury cohort deserves a precise characterisation because it is frequently modelled as a permanent bid. The equity issuance mechanism that built these balance sheets operates in one direction only. Above parity it accretes, since each new share funds more of the underlying asset than it dilutes; below parity the identical action reduces the asset backing of the existing base, and the rational operator stops. Strategy has made no purchase since mid June, holds a position roughly $10 billion below cost, and is directing new equity proceeds to preferred dividends and dollar reserves. The segment is solvent, faces no forced selling and is in no immediate difficulty, but it is a conditional buyer rather than a structural one, and the multiple of net asset value is the condition.

Five variables will determine the shape of the remainder of 2026. Whether six Democratic votes materialise for the 15 September procedural vote, and if not, whether the Clarity Act survives into the next Congress. Whether the buyback expansion effective 9 September sustains lower long end yields or the effect decays once the operations are absorbed. Whether MSCI proceeds with index deletion for the treasury companies, which would introduce mechanical selling into a cohort with no capacity to absorb it. Whether tokenized equity holder growth converts into institutional allocation or plateaus as a retail phenomenon constrained by settlement and pricing integrity. And whether stablecoin supply stabilises once substitution into tokenized Treasury funds has run its course, which would confirm the contraction as a one time repricing of idle balances rather than a trend.

The bridge between digital assets and traditional finance is not narrowing, but the composition of what crosses it has changed materially in three months. The traffic that moved on price and on premium has thinned considerably. The traffic that moves on settlement, on distribution and on regulated access has grown through the same period, and in Europe it now moves under a single rulebook with a defined population of licensed participants. That is a more durable foundation than the one we described in May, even though it has been built during a quarter in which the price moved very little. Infrastructure that compounds while the asset is flat is the only kind worth owning across a cycle.

Teroxx Research will continue to track institutional flow channels, the corporate treasury cohort, the tokenization pipeline, the stablecoin settlement layer and the European and United States regulatory frameworks, and will report on the outcome of the September Senate process, the first full quarter of operation under a fully enforced MiCA regime, the response of the treasury cohort to any index reclassification, and the extent to which tokenized equity growth translates into allocation rather than participation.

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