coinbase INSTITUTIONAL

GUIDE TO CRYPTO MARKETS 2026

Products for Institutional Investors

Executive Summary

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The crypto market has continued to evolve significantly over the last year, with investment strategies in this space becoming increasingly more sophisticated. The maturation of these markets is reflected not only in improvements to liquidity and infrastructure but also in the broader set of financial instruments now available for trading and investment purposes. From spot markets to derivatives, traditional platforms to blockchain-based protocols, the advances in this industry have ushered in a wide array of products and tools for practitioners.

For BTC and ETH specifically, institutional players can now gain exposure through spot, fixed-term futures, perpetual futures, options, exchange-traded products (ETPs/ETFs) and equity proxies, among others. Perpetual futures have remained the largest venue for crypto trading activity globally by a wide margin, though this activity has historically been concentrated outside the U.S. While U.S.-regulated perpetual-style futures have emerged, they remain small relative to the offshore perpetual futures market and are best viewed, for now, as an incremental expansion of the domestic toolkit rather than a direct substitute for global perps liquidity.

Meanwhile, spot bitcoin ETFs have become a firmly established access point for traditional investors, helping deepen institutional participation through regulated wrappers and familiar brokerage infrastructure. At the same time, the market backdrop in 2025 and early 2026 highlighted several of the defining features of institutional crypto adoption: ETF flows became an increasingly important driver of market direction, listed options on ETF products expanded the hedging toolkit available to investors, and bitcoin treasury strategies gained further visibility as a corporate capital markets approach.

In our view, the convergence of these trends marks a new phase for institutional crypto markets. In this report, we analyze the various products available to institutional investors by comparing their efficiency, size, costs and tradeoffs as well as examining the market dynamics shaping their adoption.

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Introduction

How Institutions Access Crypto

Institutional participation in the crypto asset class has matured significantly, moving beyond specialized funds to encompass major financial players. Access points have broadened, offering avenues for directional exposure, yield generation, hedging, and basis trading across regulated and offshore venues. Below is a truncated view of the primary methods that institutions can utilize to engage with crypto:

On-Exchange Spot. This method is characterized by direct engagement with the underlying assets (BTC, ETH, etc.), which involves direct trading on U.S.-regulated exchanges (e.g., Coinbase). This adheres to Know Your Customer (KYC) and Anti-Money Laundering (AML) protocols, deep onshore liquidity, and look-through to global liquidity via market makers, who bridge the gap to global liquidity by dynamically hedging their U.S.-based spot exposure using offshore perpetual futures and term futures markets.

Listed Funds (Exchange Traded Funds or Products). There are currently 11 Exchange-Traded Products (ETPs) based on the spot price of BTC and 9 ETPs based on the spot price of ETH. These are listed and traded on major US exchanges (NYSE Arca, Nasdaq, and Cboe). These vehicles allow institutions to gain direct price exposure to BTC and ETH without the complexities of direct asset custody.

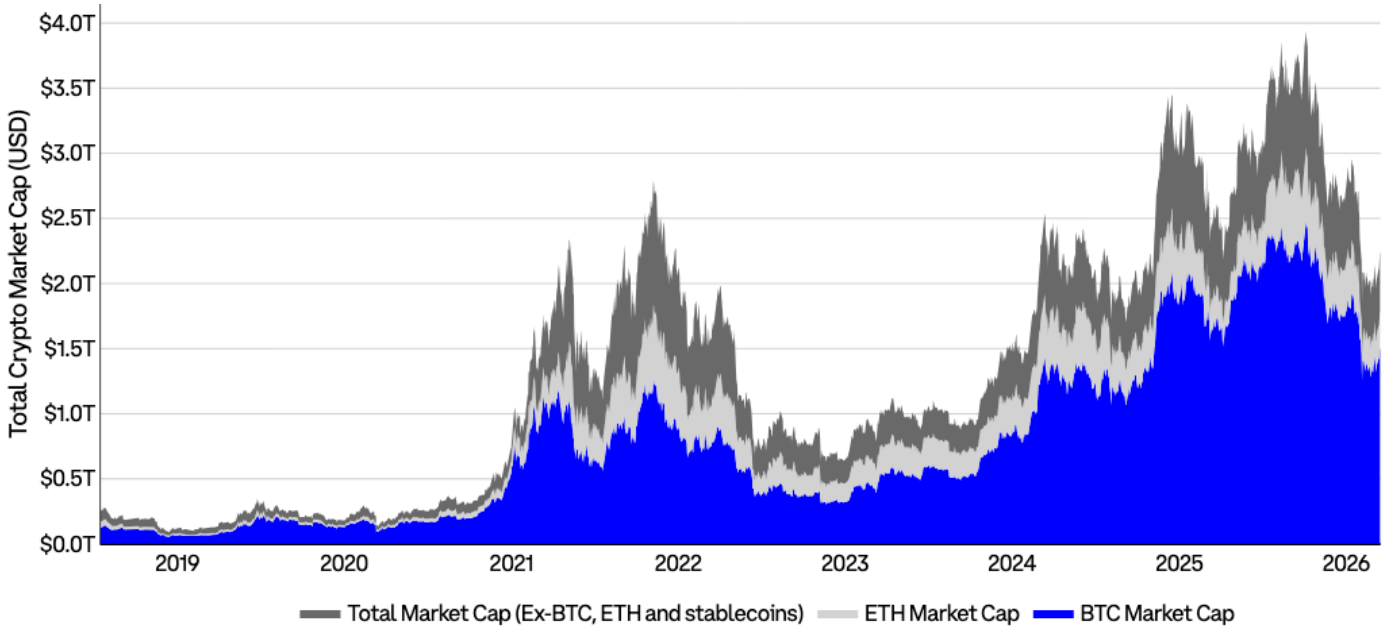
Perpetual Futures (Perpetual-Style Futures). Perpetual futures contracts are a hallmark of crypto derivatives, offering a mechanism to trade a derivative contract that never expires. Offshore perps plus new CFTC-regulated perp-style futures in the U.S. (Coinbase Derivatives Exchange) offer 24/7 trading with funding-rate mechanics that deliver leveraged exposure anchored to spot. The funding rate mechanism is the core of the perp contract, representing small periodic payments between long and short contract holders to ensure the perp contract price remains tightly anchored to the underlying spot price.

Exchange-Traded Term Futures. These are traditional, fixed-maturity futures contracts with defined expiration dates used across nearly every asset class, and now applied to digital assets. CFTC-regulated fixed-maturity futures on CME (operating around 23 hours a day, five days a week) and Coinbase Derivatives (24/7) are used for directional, basis and hedging trades, cleared via Futures Commission Merchants (FCMs) and Central Counterparties (CCPs) such as Nodal Clear.

Options. Options provide the right, but not the obligation, to buy or sell an asset, offering institutions the tools to manage risk, generate premium income, and execute volatility strategies. This category includes listed options on BTC and ETH futures (e.g., CME), offshore spot options (e.g., Deribit, which was acquired by Coinbase in August 2025), and listed options on spot bitcoin ETFs on NYSE and Cboe, enabling equity-style vol and income strategies.

Equity Proxies. Many institutions choose to gain indirect crypto exposure by investing in publicly traded companies whose success is intrinsically tied to the crypto ecosystem, as these can be easily integrated into existing portfolios. Traditional equity portfolios can integrate crypto market exposure (beta) through publicly traded companies such as listed exchanged-traded crypto companies, bitcoin miners, and digital-asset treasury firms (DATs). These securities offer the advantage of being tradable and financeable within established equity prime brokerage frameworks.

Chart 1. BTC and ETH represent 67% and 13% of the total crypto market cap respectively



Sources: CoinMetrics, TradingView and Coinbase.

Bitcoin (BTC)

Inventory of Bitcoin Adoption

The rapid development of the crypto ecosystem has provided institutional investors with an expanding set of products to access this burgeoning asset class. The maturation of crypto markets has enabled investment practitioners to gain exposure to bitcoin specifically through multiple vehicles, including spot, fixed-term futures, perpetual futures, options, exchange-traded products (ETPs/ETFs) and equity proxies, among others. See Table 1.

Table 1. Products for investing in BTC (data represents FY2025 averages)

Instrument	Daily volume	Market size	Trading fees [a]	Hours
Spot	$17.7B	$1.7T [b]	10 bps [c]	24/7
ETPs / ETFs	$3.3B	$114B AUM	$0.01-0.03/share	Weekdays
Fixed term futures	$5.5B	$17.7B OI	$5.00/per	23/5 or 24/7 [d]
Perpetual futures	$72.2B	$29.0B OI	<1-5 bps [e]	24/7
Options (Spot)	$5.0B	$37.7B OI	3-5bps underlying	24/7
Options (Futures)	$200M	$3.5B OI	$0.00-$5.00/per	23/5 [d]
Options (ETFs)	$3.2B	$40.3B OI	$1.00-$3.00/per	Weekdays
Equity proxy	*Variable*	*Variable*	*Variable*	*Weekdays*

a: Trading fees represent the costs incurred when buying or selling assets.
b: This figure represents bitcoin's free float market capitalization, rather than its total market cap.
c: Trading fees on spot are variable based on a high vs low touch all-in approach.
d: CME currently trades 23/5 but is expanding toward 24/7 starting May 29, 2026, Coinbase and Deribit trade 24/7.
e: Note that trading fees on perpetual futures can periodically be affected by incentives.
For derivatives, market size on this table represents the notional value of the average daily open interest in 2025.
Sources: Bloomberg, CoinMetrics, CME and Glassnode

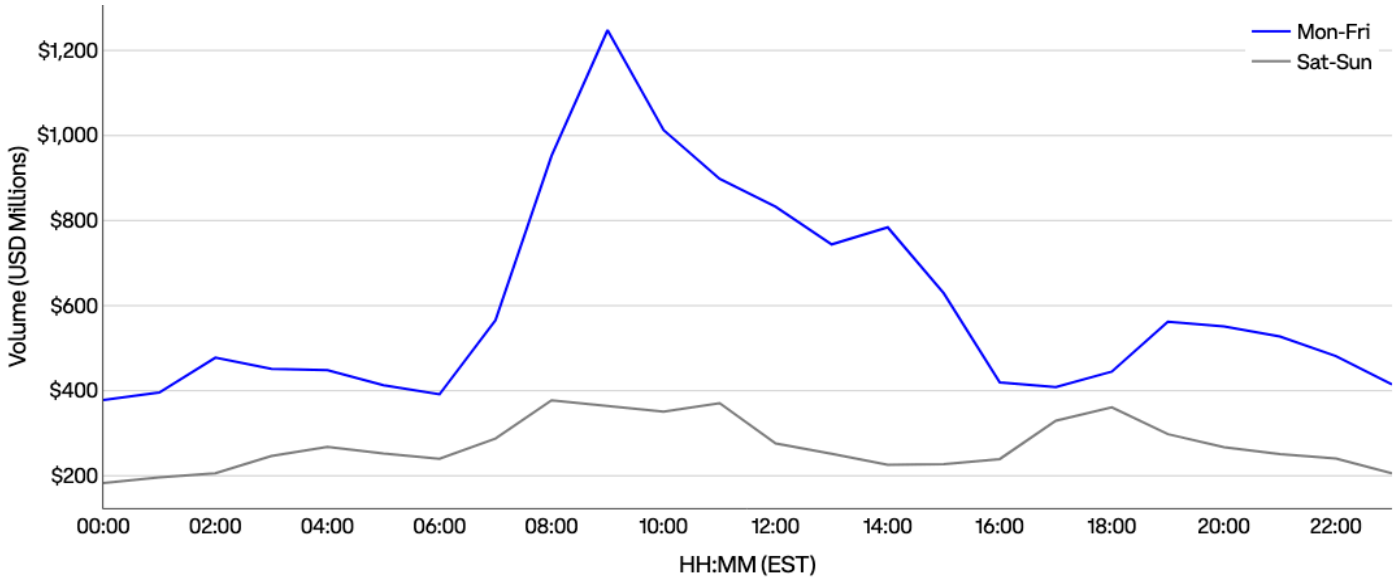
Trading hours (BTC spot)

Weekday spot bitcoin trading volumes are 2-3x as high as weekend volumes, while weekday peak volumes tend to overlap with the U.S. equity trading and CME fixing window. Volumes are heavily concentrated in the 14:00-16:00 UTC (09:00-11:00 EST) time frame, capturing the end of day in Europe (London) and market opening hours in the U.S. (New York). This analysis is based on an aggregation of the volume data of over 40 centralized and decentralized exchanges, categorized by hour and weekday over the full year 2025 to identify any notable patterns in spot bitcoin trading activity.

Table 2. Bitcoin median volumes by hour / weekday (Jan 1, 2025 to Dec 31, 2025)

Hours (UTC)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
MON	$646M	$636M	$606M	$484M	$443M	$441M	$438M	$579M	$552M	$521M	$437M	$455M	$586M	$928M	$1.2B	$968M	$898M	$713M	$578M	$762M	$575M	$391M	$401M	$380M
TUE	$562M	$551M	$540M	$494M	$382M	$408M	$420M	$478M	$451M	$428M	$413M	$391M	$535M	$952M	$1.3B	$1.1B	$932M	$833M	$699M	$780M	$629M	$429M	$441M	$449M
WED	$522M	$447M	$466M	$378M	$298M	$346M	$352M	$376M	$444M	$446M	$394M	$372M	$543M	$946M	$1.2B	$972M	$833M	$825M	$786M	$827M	$736M	$420M	$427M	$445M
THU	$555M	$539M	$472M	$481M	$415M	$370M	$396M	$422M	$412M	$448M	$421M	$388M	$566M	$1.0B	$1.2B	$1.0B	$867M	$846M	$745M	$833M	$680M	$445M	$409M	$452M
FRI	$606M	$556M	$528M	$403M	$415M	$378M	$390M	$641M	$525M	$474M	$392M	$421M	$603M	$962M	$1.5B	$1.2B	$925M	$856M	$744M	$784M	$549M	$388M	$323M	$262M
SAT	$364M	$294M	$265M	$267M	$237M	$192M	$216M	$227M	$262M	$243M	$254M	$227M	$275M	$332M	$293M	$325M	$303M	$244M	$205M	$198M	$185M	$202M	$184M	$178M
SUN	$232M	$240M	$236M	$215M	$174M	$174M	$177M	$185M	$231M	$293M	$251M	$253M	$300M	$423M	$434M	$377M	$439M	$308M	$298M	$254M	$269M	$277M	$475M	$543M

Chart 2. Average volume profile (BTC/USD 24 hour minute-by-minute)



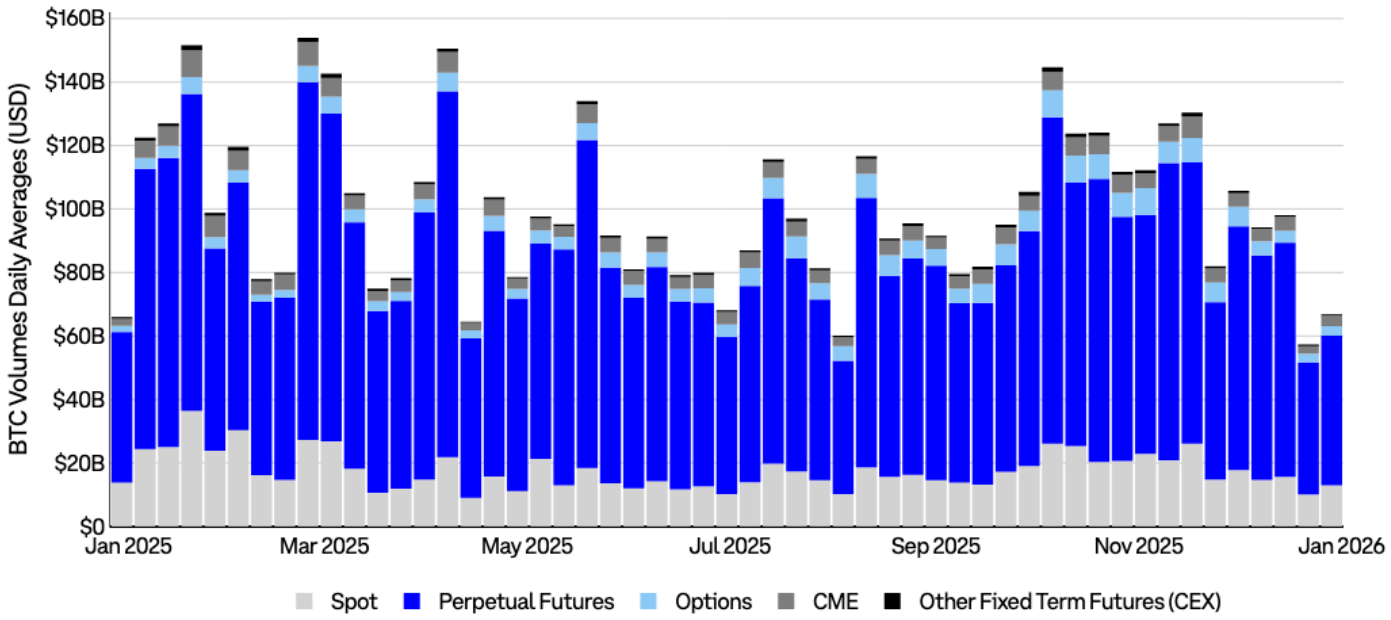
Sources: CoinMetrics and Coinbase.

Products

Spot. There is an active and deep two-way market in the top market cap tokens, including BTC, ETH and SOL. However, depending on how far down the risk curve you go, activity in certain altcoins can become limited (particularly after October 10, 2025's historic liquidations). Bitcoin tends to be the most widely traded cryptocurrency among institutions due to its unique role within the asset class. It tends to be a well-understood macro asset and has been widely recognized by U.S. regulators as not a security.

- As of March 2026, there are around 20M BTC in existence, but CoinMetrics reports the "free float" (number of BTC freely available for public trading) at closer to 13.5M BTC, of which U.S.-based ETPs/ETFs hold nearly 12%.
- The current growth rate of total bitcoin supply (i.e. its "inflation") is around 0.8% YoY.
- BTC spot trading predominately takes place on centralized exchanges, with an average daily volume of US$12.7B in 2025.
- Trading fees on spot generally oscillate around 10 bps (depending on volume and venue) for institutions with potential slippage varying by order size and execution method.

Chart 3. Bitcoin daily average volumes over time (aggregated by week)



Sources: CoinMetrics, Coinbase

Exchange traded products (i.e. ETPs/ETFs). Spot bitcoin ETFs were approved by the U.S. Securities and Exchange Commission (SEC) in January 2024. Compared to their futures-based ETF predecessors, spot ETFs do not suffer from roll costs and can track bitcoin's price movements more closely (minus management fees). Moreover, spot ETFs have proven to be an effective bridge between traditional capital pools and the underlying bitcoin market.

Table 3. List of U.S. spot bitcoin ETPs/ETFs

Name	Bloomberg Ticker	Market Cap (US$ B)	Expense Ratio
ARK 21Shares Bitcoin ETF	ARKB	3.30	0.21%
Bitwise Bitcoin ETF	BITB	3.37	0.20%
BlackRock iShares Bitcoin Trust	IBIT	67.46	0.25%
Coinshares Valkyrie Bitcoin Fund	BRRR	0.51	0.25%
Fidelity Wise Origin Bitcoin Fund	FBTC	17.64	0.25%
Franklin Bitcoin ETF	EZBC	0.50	0.19%
Grayscale Bitcoin Mini Trust ETF	BTC	4.23	0.15%
Grayscale Bitcoin Trust ETF	GBTC	14.42	1.50%
Invesco Galaxy Bitcoin ETF	BTCO	0.54	0.25%
VanEck Bitcoin ETF	HODL	1.38	0.25%
WisdomTree Bitcoin Fund	BTCW	0.14	0.25%

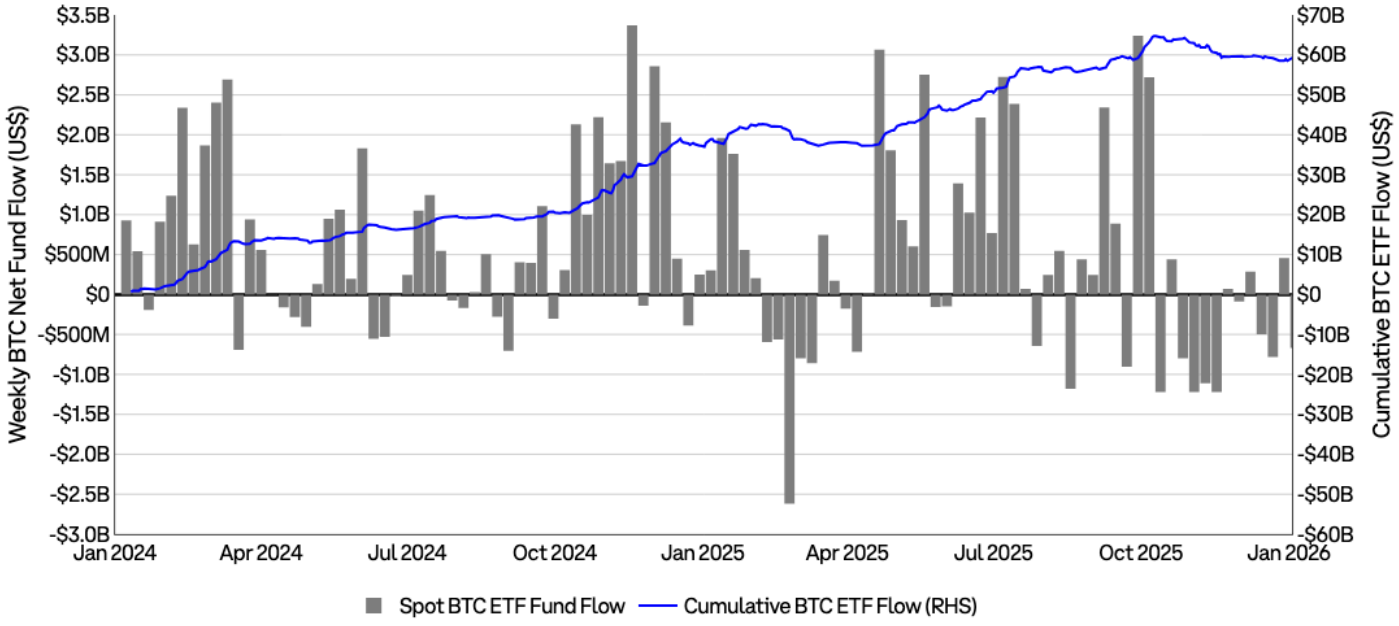
Market cap as of December 31, 2025. Sources: Bloomberg and Coinbase.

Spot bitcoin ETFs originally operated under an SEC-mandated cash-only creation and redemption model, in which authorized participants sent (or received) cash to (from) ETF issuers to create (redeem) new ETF shares. The issuers would then use that cash to buy (or sell) bitcoin in the open market. In July 2025, the SEC approved in-kind creations and redemptions for all major spot bitcoin ETFs. This transition now allows authorized participants to deliver or receive actual bitcoin directly, which has significantly improved operational efficiency, reduced tracking error, minimized premiums and discounts to NAV, and made the ETFs more tax-efficient for institutional investors.

- Between inception and end-2025, spot bitcoin ETFs have collectively attracted around $59B in net fund flows and hold around $114B in assets under management.
- Note that spot bitcoin ETFs track the CME CF Bitcoin Reference Rate - NY Variant (Bloomberg ticker: BRRNY) with the fixing calculated using the volume-weighted average price of bitcoin across multiple exchanges between 3pm and 4pm ET.
- Management fees vary by ETF issuer but most range from 0.19% to 0.25% annually (though outliers like Grayscale may charge as little as 0.15% for their Grayscale Bitcoin Mini Trust and

as much as 1.50% for their Grayscale Bitcoin Trust ETF). The SEC approved "in-kind" creations and redemptions for crypto ETPs on July 29, 2025.

Chart 4. Cumulative flows for U.S. spot BTC ETFs



Sources: Bloomberg and Coinbase.

Fixed-term futures. There is an active, *regulated* fixed-term futures market (i.e. futures with a specific expiry date) for bitcoin on various exchanges including the Chicago Mercantile Exchange (CME) and Coinbase Derivatives Exchange (CDE). CME is currently the largest bitcoin fixed-term futures exchange by open interest.

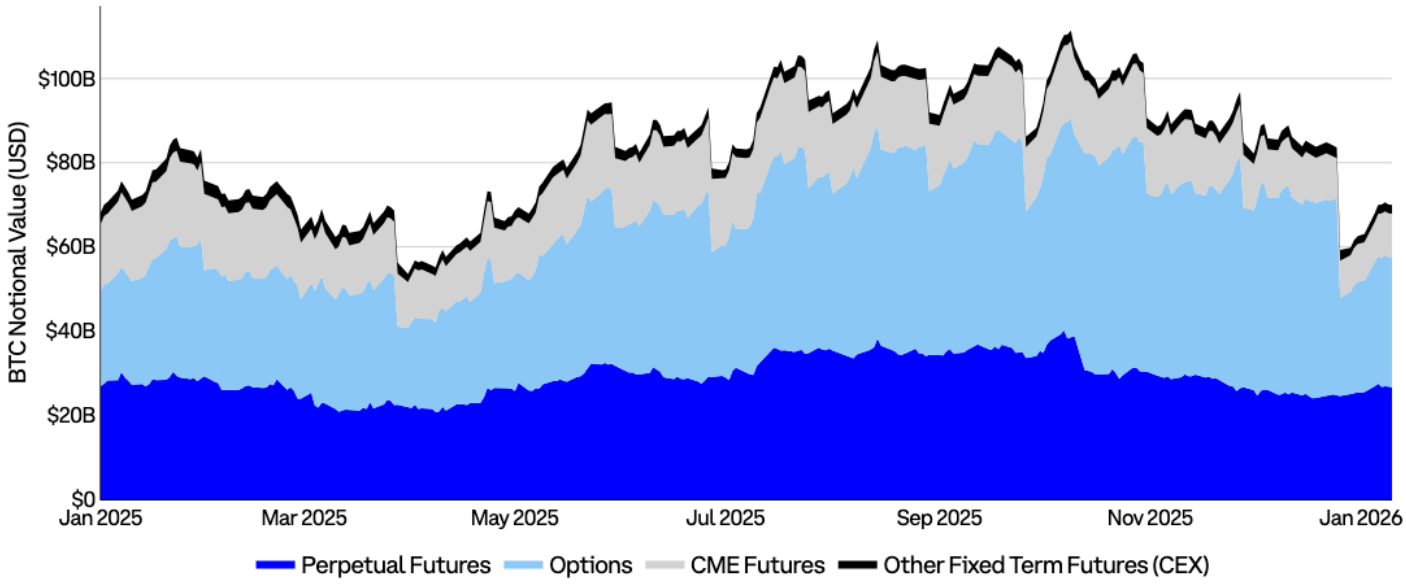
Table 4. BTC traditional term futures specs

Exchange	Coinbase Derivatives Exchange (CDE)	CME	Deribit
Size of Large BTC Contract	1 BTC	5 BTC	N/A
Size of Small BTC Contract	0.01 BTC	0.1 BTC	$10 USD
Trading Hours	24/7	Sunday–Friday (6pm-5pm ET)[a]	24/7

[a] CME will launch 24/7 cryptocurrency futures and options trading starting May 29, 2026

- Maturities can extend up to two years on the CME and up to one year on Coinbase for traditional fixed-term futures (with perpetual-style futures on Coinbase now extending up to five years), though liquidity tends to be concentrated in shorter tenors like the 1m contract.
- Both CME and Coinbase are available nearly 24 hours per day (minus one hour for maintenance). Coinbase has offered full 24/7 trading on its regulated futures products since May 9, 2025 (with one-hour weekly maintenance on Fridays 5pm-6pm ET). CME operates Sunday 6pm ET to Friday 5pm ET but will launch 24/7 cryptocurrency futures and options trading starting May 29, 2026.
- CME futures settle using the CME CF Bitcoin Reference Rate (Bloomberg ticker: BRR) calculated once a day at 4pm London time. Trading fees on exchange are around $5.00 per contract (per side) plus an $8 commission to the futures commission merchant (FCM). Rollover costs vary but range from 5-15bps.
- Contract size: on Coinbase Derivatives Exchange, one futures contract represents 1 bitcoin, but on CME, one futures contract represents 5 bitcoin. Note that nano and micro futures do exist, which represent fractions (0.01 and 0.1 on Coinbase and CME, respectively) of one bitcoin. Perpetual-style variants are also available on Coinbase.

Chart 5. Bitcoin derivatives' notional value open interest over time

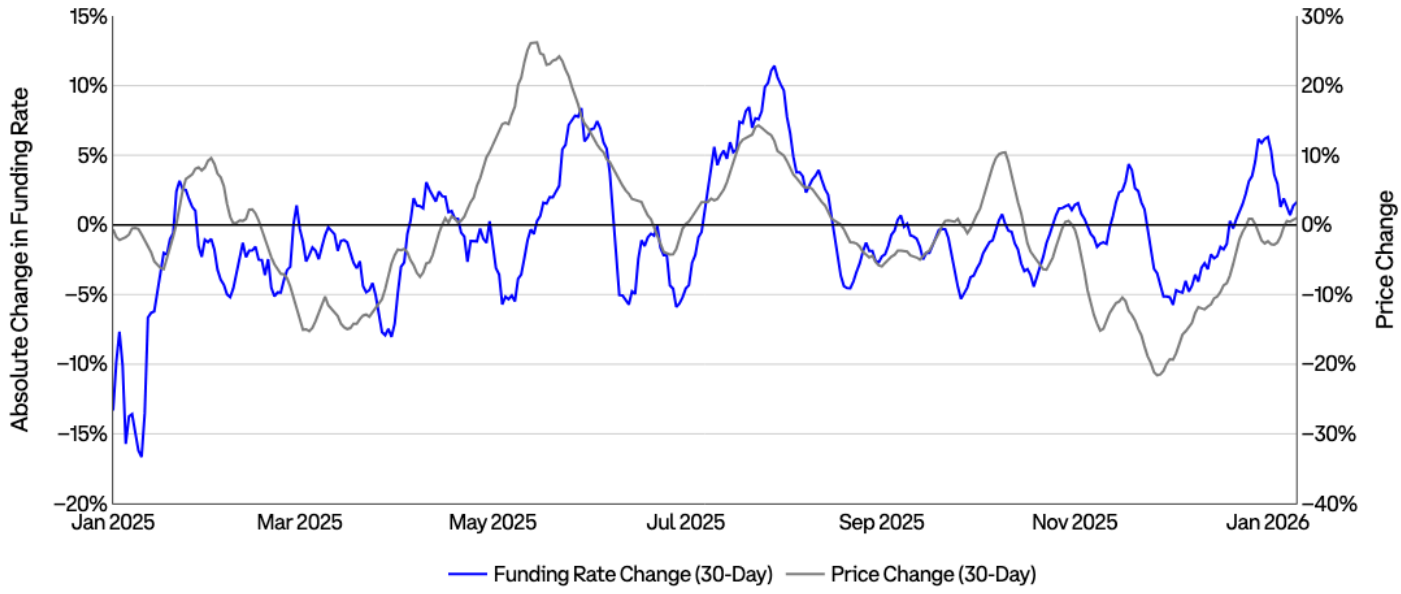


Sources: CoinMetrics, Glassnode, and Coinbase.

Perpetual futures. Perpetual futures, commonly referred to as "perps", are the most actively traded product in crypto. Perps are an attractive tool for investors because many platforms provide easy access to leverage, while the lack of physical settlement removes the rollover costs associated with fixed-term futures. Indeed, the funding rate mechanism, which forms the foundation for trading perps, also tends to be a core part of crypto's market indicators. A more detailed explanation can be found here.

- Perps trading is currently unavailable to U.S. entities, though that may change in the future. For now, "perp-style" contracts are available to U.S. entities via CFTC-regulated contracts on Coinbase
- The average daily volume for bitcoin perps alone in 2025 was over $72B.
- Trading fees are usually calculated as a percentage of the contract quantity and vary depending on whether you're a maker or taker. Costs are often tiered based on a user's volume or assets-on-platform, but generally range from <1-5bps.

Chart 6. Changes in funding rate for BTC perps vs changes in BTC spot price



Sources: CoinMetrics and Coinbase. Funding rate change is the 30-day change in the annualized and open-interest weighted funding rate. Both data series are smoothed by a 7-day moving average.

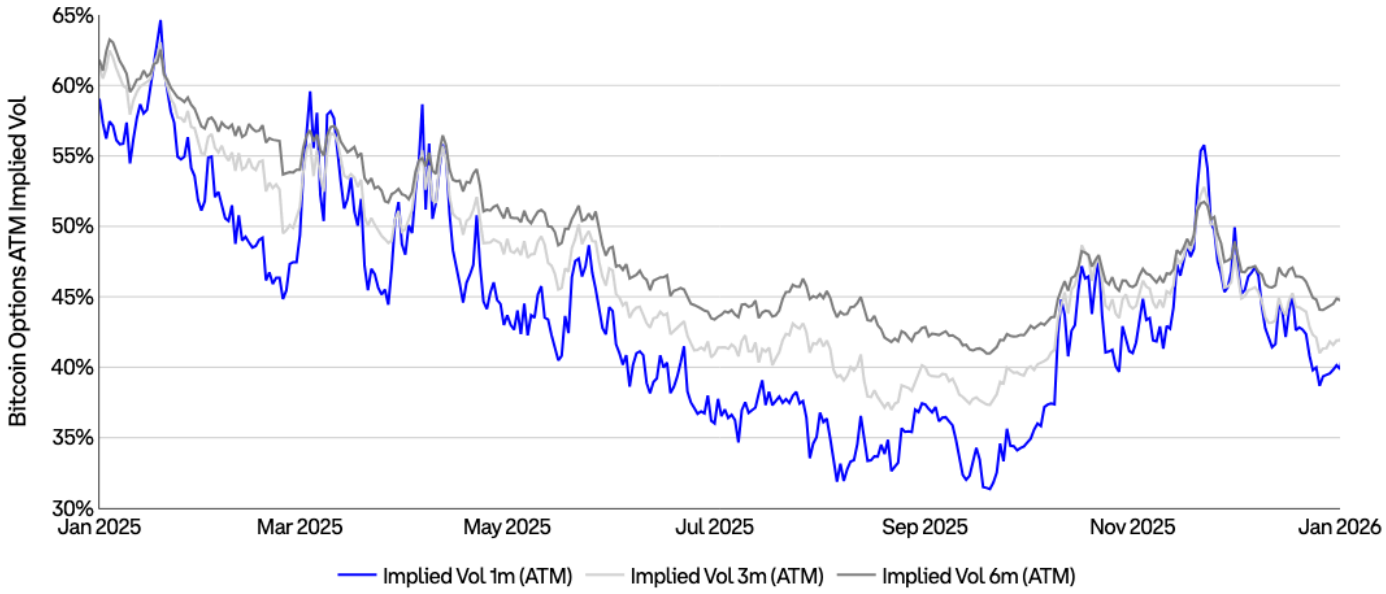
Options. The bitcoin options market has grown dramatically and surpassed perps in size in 2025 when measured by notional open interest. Like perps, these markets are open 24/7, but trading options on bitcoin spot remains unavailable to U.S. entities.

- Tenors are available out to one year, though the best liquidity is found in shorter tenors of 1 or 2 months.
- Trading fees are around 3-5bps of the underlying, though spreads and general liquidity tend to be the key factors driving cost.
- Deribit commands ~90% market share of open interest on BTC options.

Onshore (U.S.) options are available on fixed-term CME futures as well as six ETFs, including BlackRock iShares Bitcoin Trust (IBIT), Grayscale Bitcoin Trust (GBTC), Grayscale Bitcoin Mini Trust (BTC), ARK 21Shares Bitcoin ETF (ARKB), Bitwise Bitcoin ETF (BITB) and Fidelity Wise Origin Bitcoin Fund (FBTC). Spot bitcoin ETF options offer regulated, institution-friendly avenues for bitcoin exposure, enabling risk management, leverage opportunities and standardized clearing processes.

- Tenors are available on these options out to two years for futures and around one year for ETFs, though the best liquidity is found in shorter tenors.
- For futures, the CME lists option contracts for six consecutive monthly expirations and two additional December expirations. CME crypto options trading will also become available 24/7 starting May 29, 2026.
- For ETFs, the Cboe lists option contracts for up to six standard monthly expirations that mature no later than 12 months.

Chart 7. Options ATM implied volatility for 1m, 3m and 6m contracts in bitcoin

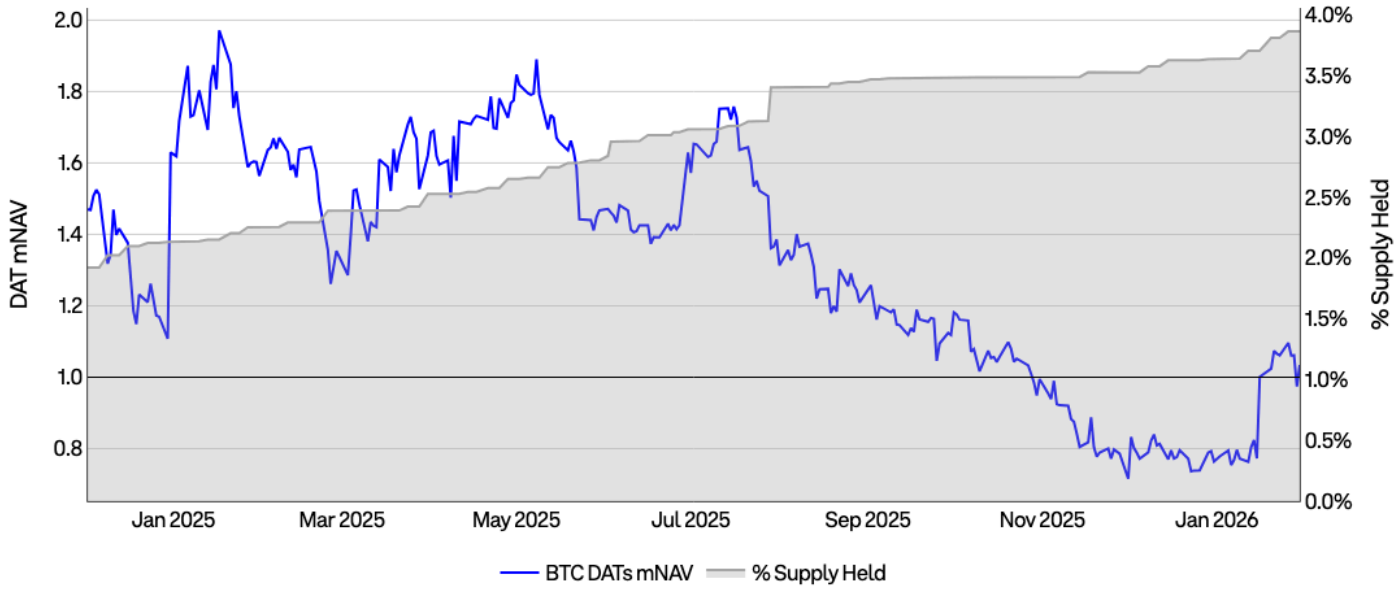


Sources: Glassnode and Coinbase.

Digital asset treasuries (DATs). A growing number of companies have adopted a strategy of accumulating bitcoin for their treasury reserves, viewing the token as a store of value or protection against the potential erosion of their USD purchasing power. Many of these corporations fund their bitcoin purchases via stock or bond issuances, causing share prices to move in tandem with the price of bitcoin. This provides investors with an indirect way to gain exposure to bitcoin through traditional equity investments.

- Strategy (formerly MicroStrategy or MSTR) remains the best known example of this approach, but the trend broadened further in 2025 as more public market participants explored digital assets as part of their treasury and capital markets strategy.
- The share of bitcoin supply held by DATs reached nearly 4% of circulating supply by March 2026.
- The market's willingness to assign a premium to DAT equity fell materially over 2025, with aggregate market-to-net asset value (mNAV) compressing from well above 1.5x in early 2025 to below 1.0x by late-2025.

Chart 8. Bitcoin DAT supply acquisition vs market-to-net-asset valuation (mNAV)



Sources: Blockworks and Coinbase.

Tradeoffs and Strategies

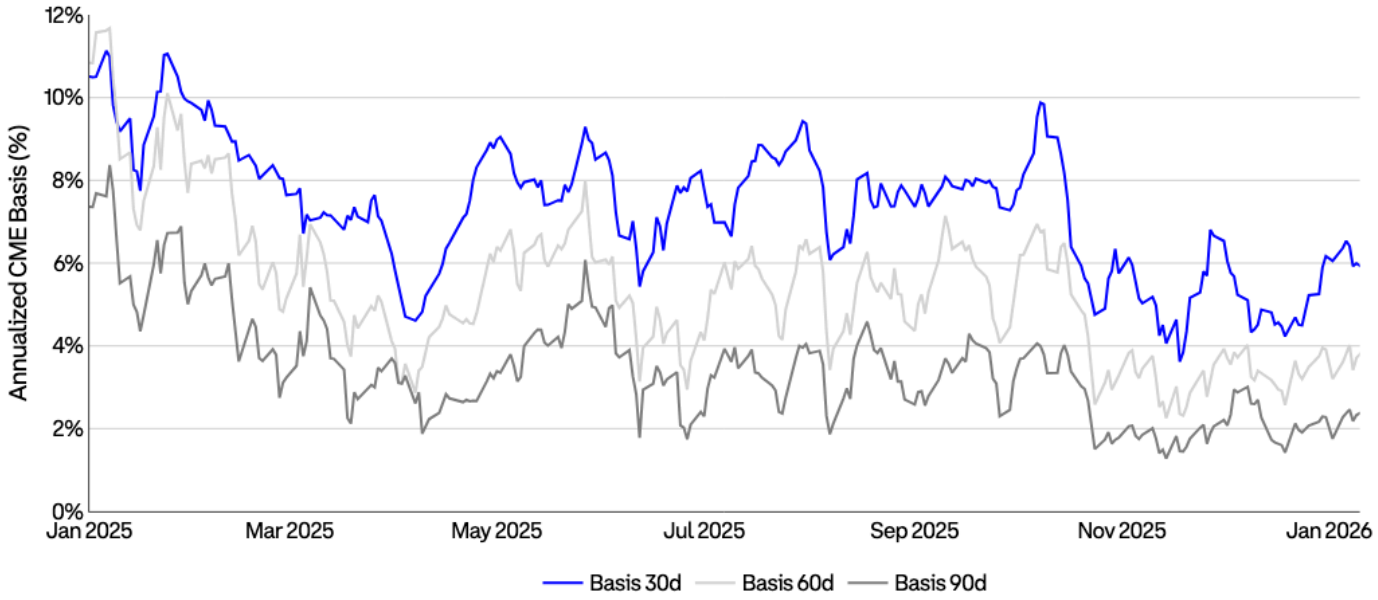
Trading bitcoin directly on spot markets versus using spot bitcoin ETFs introduces key considerations around execution costs, fees and liquidity. For example, trading bitcoin spot can avoid management fees (typically 0.20–0.25% for leading ETFs) and net asset value (NAV) tracking discrepancies. On the other hand, ETFs offer exposure through regulated financial products with potentially easier custody and compliance considerations. Since the SEC approved in-kind creations and redemptions in July 2025, premiums or discounts to NAV have become minimal for major ETFs.

However, spot bitcoin ETFs remain subject to "gap risk" or price discontinuities that occur when these markets are closed during weeknights and weekends (ETFs trade only 9:30am–4pm ET). Because spot bitcoin trades 24/7, the market can move meaningfully during the hours when ETFs are closed or unavailable. CME fixed-term bitcoin futures will transition to nearly 24/7 trading beginning May 29, 2026 (with only a brief weekly maintenance window). This change is expected to largely eliminate weekend gap risk for these products by enabling continuous trading and price discovery in line with the spot market. In the case of ETFs, these remaining market inefficiencies can point to monetizable strategies.

For example, **a common strategy for institutional investors looking to trade bitcoin is the basis (or "cash-and-carry") trade**. This involves taking advantage of the price differences between the spot market and futures market for bitcoin. Institutional investors can execute this trade by either (1) buying bitcoin via the spot market or buying spot bitcoin ETFs and (2) simultaneously selling fixed-term futures contracts (or vice versa), locking in the spread as profit when the price between the two converges at expiry.

Institutional traders have increasingly employed spot bitcoin ETFs rather than direct spot bitcoin for the long side of these basis trades. This is because spot ETFs are SEC-regulated financial products which helps minimize counterparty and operational risks and thus makes them compliance-friendly instruments. ETFs can also be traded alongside CME futures in the same brokerage account, which can lower the friction and costs for executing and settling these trades.

Chart 9. Basis yield (CME futures - spot) smoothed by 7-day moving average



All data series are smoothed with a 7-day moving average.
Sources: CoinMetrics and Coinbase.

With CME set to move its crypto futures and options complex to near-continuous trading, the **economics of bitcoin basis trades could change at the margin**. Historically, part of the positive basis likely reflected compensation for periods when regulated futures markets were closed while bitcoin continued trading 24/7. As weekend trading access improves, that specific friction may ease, which could modestly compress basis in some environments. That said, bitcoin basis is also shaped by momentum, leverage demand, financing conditions and broader market structure, so any compression is unlikely to be mechanical or uniform. Cash-and-carry strategies should remain viable, particularly in bullish or leverage-heavy regimes, but average carry may become somewhat less dependent on weekend gap risk.

Spot bitcoin ETFs still leave investors exposed to exchange-hours constraints. Because bitcoin trades continuously while ETFs do not, investors can face timing mismatches, wider spreads, and temporary premium/discount risk when markets reopen after sharp overnight or weekend moves. And while spot bitcoin ETFs are highly liquid, unwinding large positions through ETFs can still involve more execution friction than trading directly in the underlying global spot market. Ultimately, institutional investors should choose the vehicle that best matches their objectives, time horizon, and tolerance for execution, gap and liquidity risk.

Ethereum (ETH)

Inventory of Ether Adoption

The rapid development of the crypto ecosystem has provided institutional investors with an expanding set of products to access this burgeoning asset class. The maturation of crypto markets has enabled investment practitioners to gain exposure to ether (ETH) specifically through multiple vehicles, including spot, fixed-term futures, perpetual futures, options, exchange-traded products and equity proxies, among others. See Table 4.

Table 5. Products for investing in ETH (data represents FY2025 averages)

Instrument	Daily volume	Market size	Trading fees [a]	Hours
Spot	$11.9B	$319B[b]	10 bps [c]	24/7
ETPs / ETFs	$1.2B	$18.0B AUM	$0.01-0.03/share	Weekdays
Fixed term futures	$2.4B	$5.6B OI	$4.17/per	23/5 or 24/7 [d]
Perpetual futures	$60.1B	$16.4B OI	<1-5 bps [e]	24/7
Options (Spot)	$1.3B	$8.5B OI	3-5bps underlying	24/7
Options (Futures)	$360M	$1.1B OI	$0.00-$5.00/per	23/5 [d]
Options (ETFs)	$450M	$4.2B OI	$1.00-$3.00/per	Weekdays
Equity proxy	*Variable*	*Variable*	*Variable*	*Weekdays*

a: Trading fees represent the costs incurred when buying or selling assets.
b: This figure represents Ethereum's free float market capitalization, rather than its total market cap.
c: Trading fees on spot are variable based on a high vs low touch all-in approach.
d: CME currently trades 23/5 but is expanding toward 24/7 starting May 29, 2026, Coinbase and Deribit trade 24/7.
e: Note that trading fees on perpetual futures can periodically be affected by incentives.
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Trading hours (ETH spot)

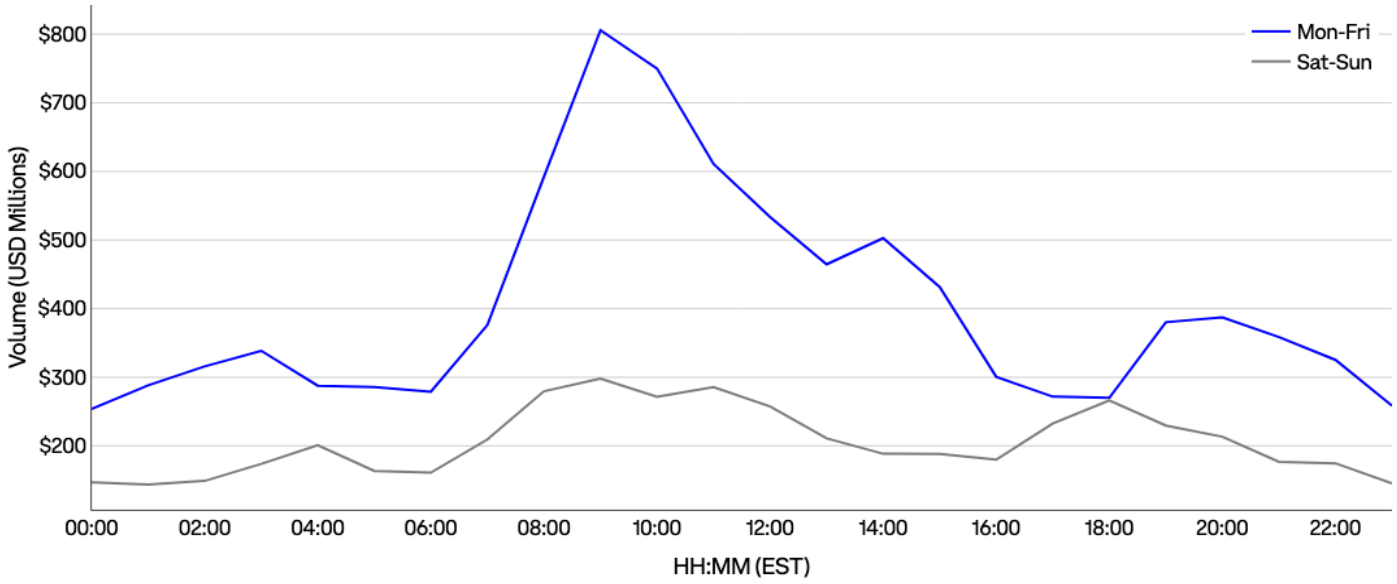
Weekday spot ether trading volumes are 2-3x as high as weekend volumes, while weekday peak volumes tend to overlap with the U.S. equity trading and CME fixing window. Volumes are heavily concentrated in the 14:00-16:00 UTC (09:00-11:00 EST) time frame, capturing the end of day in Europe (London) and market opening hours in the U.S. (New York). This analysis is based on an aggregation of the volume data of over 40 centralized and decentralized exchanges, categorized by hour and weekday over the full year 2025 to identify any notable patterns in spot ether trading activity.

Table 6. Ether median volumes by hour / weekday (Jan 1, 2025 to Dec 31, 2025)

Hours (UTC)

	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
MON	$482M	$443M	$438M	$337M	$308M	$295M	$303M	$336M	$359M	$356M	$332M	$335M	$366M	$551M	$772M	$750M	$573M	$530M	$415M	$513M	$432M	$301M	$288M	$270M
TUE	$380M	$378M	$358M	$339M	$244M	$254M	$318M	$316M	$339M	$267M	$252M	$279M	$376M	$549M	$806M	$788M	$668M	$560M	$465M	$503M	$482M	$314M	$308M	$302M
WED	$357M	$349M	$325M	$287M	$253M	$283M	$233M	$259M	$294M	$264M	$281M	$253M	$372M	$617M	$741M	$682M	$611M	$534M	$499M	$578M	$451M	$295M	$272M	$265M
THU	$395M	$387M	$329M	$325M	$262M	$244M	$288M	$291M	$308M	$288M	$309M	$267M	$456M	$617M	$832M	$680M	$601M	$496M	$449M	$465M	$416M	$309M	$258M	$311M
FRI	$344M	$389M	$377M	$317M	$259M	$253M	$272M	$391M	$348M	$293M	$286M	$304M	$432M	$592M	$874M	$842M	$638M	$553M	$493M	$452M	$351M	$266M	$243M	$226M
SAT	$264M	$233M	$181M	$188M	$162M	$134M	$145M	$151M	$191M	$176M	$164M	$156M	$197M	$237M	$259M	$243M	$260M	$252M	$188M	$151M	$155M	$154M	$130M	$151M
SUN	$195M	$194M	$173M	$161M	$128M	$159M	$142M	$147M	$157M	$226M	$163M	$166M	$221M	$322M	$337M	$300M	$311M	$263M	$234M	$226M	$221M	$206M	$335M	$382M

Chart 10. Average volume profile (ETH/USD 24 hour minute-by-minute)



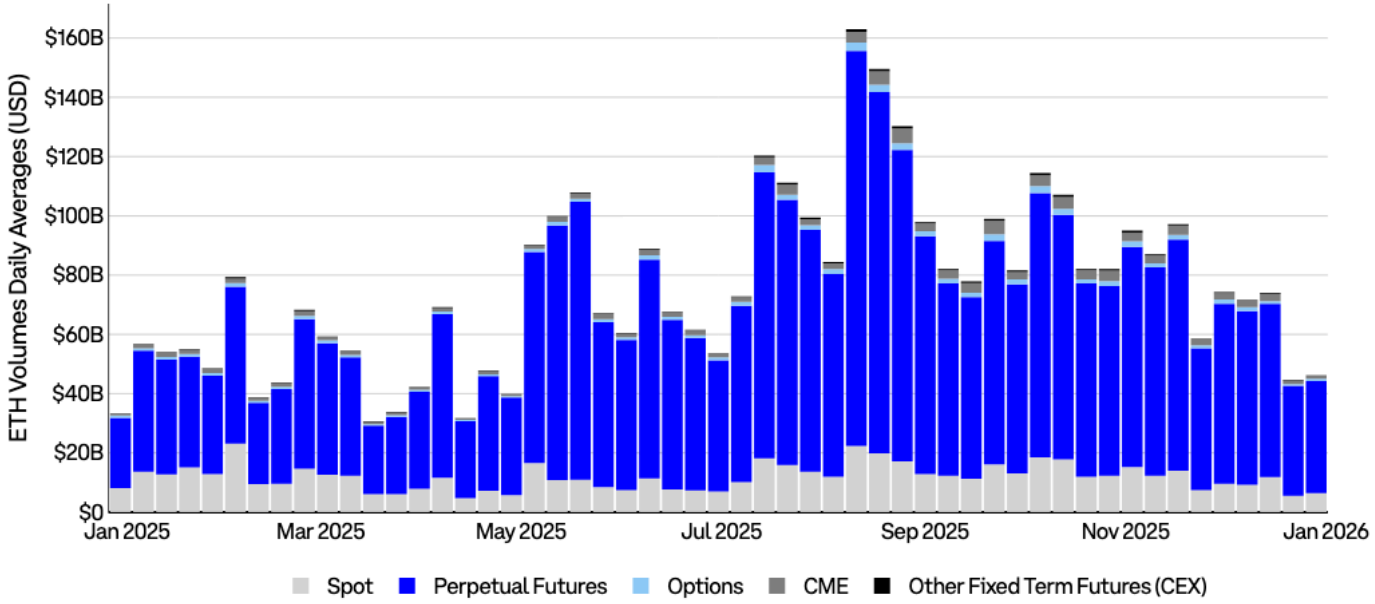
Sources: CoinMetrics and Coinbase.

Products

Spot. There is an active and deep two-way market in the top market cap tokens, including ETH, BTC and SOL. However, depending on how far down the risk curve you go, activity in certain altcoins can become limited (particularly after October 10, 2025's historic liquidations). Ethereum tends to be one of the most widely traded cryptocurrencies among institutions due to its dual role within the asset class: both as a macro-sensitive crypto asset and as the core settlement layer underpinning much of decentralized finance, stablecoin activity and tokenization. In our view, that makes the Ethereum network distinct from Bitcoin, as the investment case for ETH is tied not only to monetary characteristics but also to network usage and application-layer demand.

- As of March 2026, there are 121.5M ETH in existence, but CoinMetrics reports the "free float" (number of ETH freely available for public trading) at closer to 104M ETH, of which U.S.-based ETPs/ETFs hold around 7.5%.
- The current growth rate of total ETH supply (i.e. its "inflation") is around 0.8% YoY.
- ETH spot trading predominately takes place on centralized exchanges, with an average daily volume of US$11.9B in 2025.
- Trading fees on spot generally oscillate around 10 bps (depending on volume and venue) for institutions with potential slippage varying by order size and execution method.

Chart 11. Ethereum daily average volumes over time (aggregated by week)



Sources: CoinMetrics and Coinbase

Exchange traded products (i.e. ETPs/ETFs). Spot ether ETFs represented one of the most important institutional developments for ETH over 2025. Compared to futures-based ETF structures, spot ETFs do not suffer from roll costs and can track ether's price movements more closely (minus management fees). Moreover, spot ETFs have become an effective bridge between traditional capital pools and the underlying ether market.

Table 7. List of U.S. spot ether ETPs/ETFs

Name	Bloomberg Ticker	Market Cap (US$ B)	Expense Ratio
Bitwise Ethereum ETF	ETHW	0.34	0.20%
BlackRock iShares Ethereum Trust	ETHA	10.29	0.25%
Fidelity Ethereum Fund	FETH	2.20	0.25%
Franklin Ethereum ETF	EZET	0.06	0.19%
Grayscale Ethereum Mini Trust	ETH	2.15	0.15%
Grayscale Ethereum Trust	ETHE	2.70	2.50%
Invesco Galaxy Ethereum ETF	QETH	0.03	0.25%
21Shares Ethereum ETF (formerly Core)	TETH (prev. CETH)	0.03	0.21%
VanEck Ethereum ETF	ETHV	0.16	0.20%

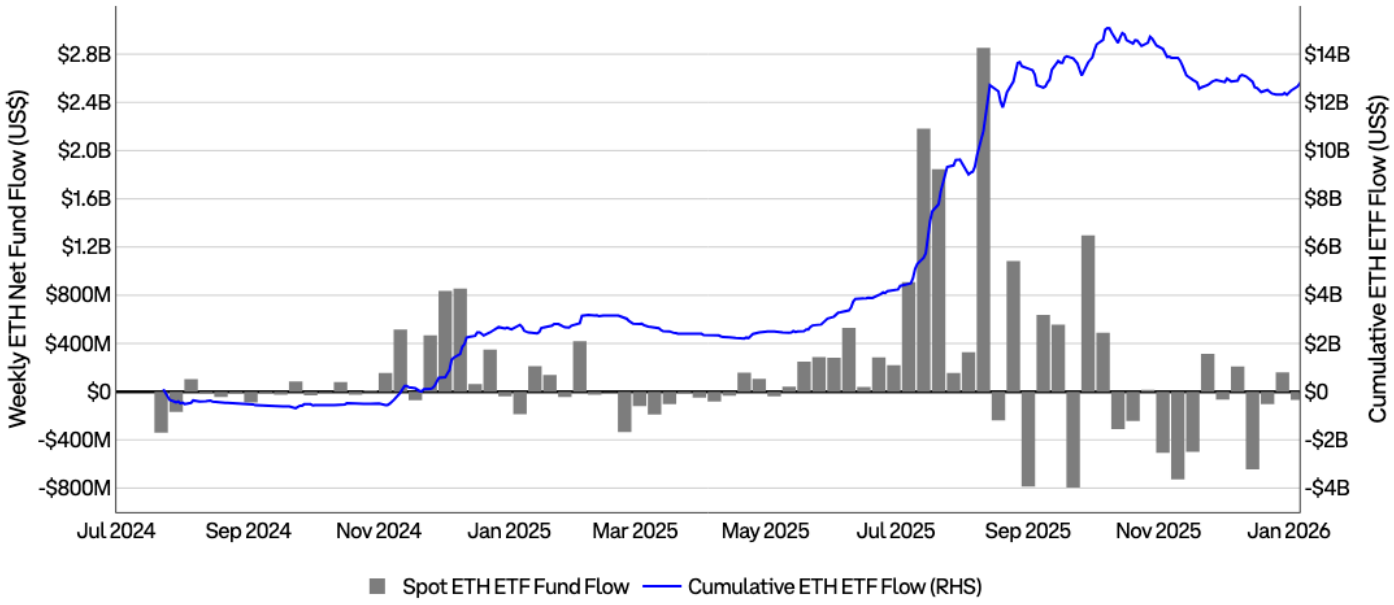
Market cap as of December 31, 2025. Sources: Bloomberg and Coinbase.

Spot ETH ETFs originally operated under an SEC-mandated cash-only creation and redemption model, in which authorized participants sent (or received) cash to (from) ETF issuers to create (redeem) new ETF shares. The issuers would then use that cash to buy (or sell) ether in the open market. In July 2025, the SEC approved in-kind creations and redemptions for all major spot ether ETFs. This transition now allows authorized participants to deliver or receive actual ETH directly, which has significantly improved operational efficiency, reduced tracking error, minimized premiums and discounts to NAV, and made the ETFs more tax-efficient for institutional investors.

- Between inception to end-2025, spot ether ETFs have collectively attracted around $12.3B in net fund flows and hold around $18.0B in assets under management.
- Note that spot ether ETFs track the CME CF Ether-Dollar Reference Rate - NY Variant (Bloomberg ticker: ETHUSDNY) with the fixing calculated using the volume-weighted average price of ETH across multiple exchanges between 3pm and 4pm ET.

- Management fees vary by ETF issuer but most range from 0.19% to 0.25% annually (though outliers like Grayscale may charge as little as 0.15% for their Grayscale Ethereum Mini Trust and as much as 2.50% for their Grayscale Ethereum Trust ETF). The SEC approved "in-kind" creations and redemptions for crypto ETPs on July 29, 2025.

Chart 12. Cumulative flows for spot ETH ETFs



Sources: Bloomberg and Coinbase.

Fixed-term futures. There is an active, *regulated* fixed-term futures market (i.e. futures with a specific expiry date) for ETH on various exchanges including the Chicago Mercantile Exchange (CME) and Coinbase Derivatives Exchange. CME is currently the largest ETH fixed-term futures exchange by open interest.

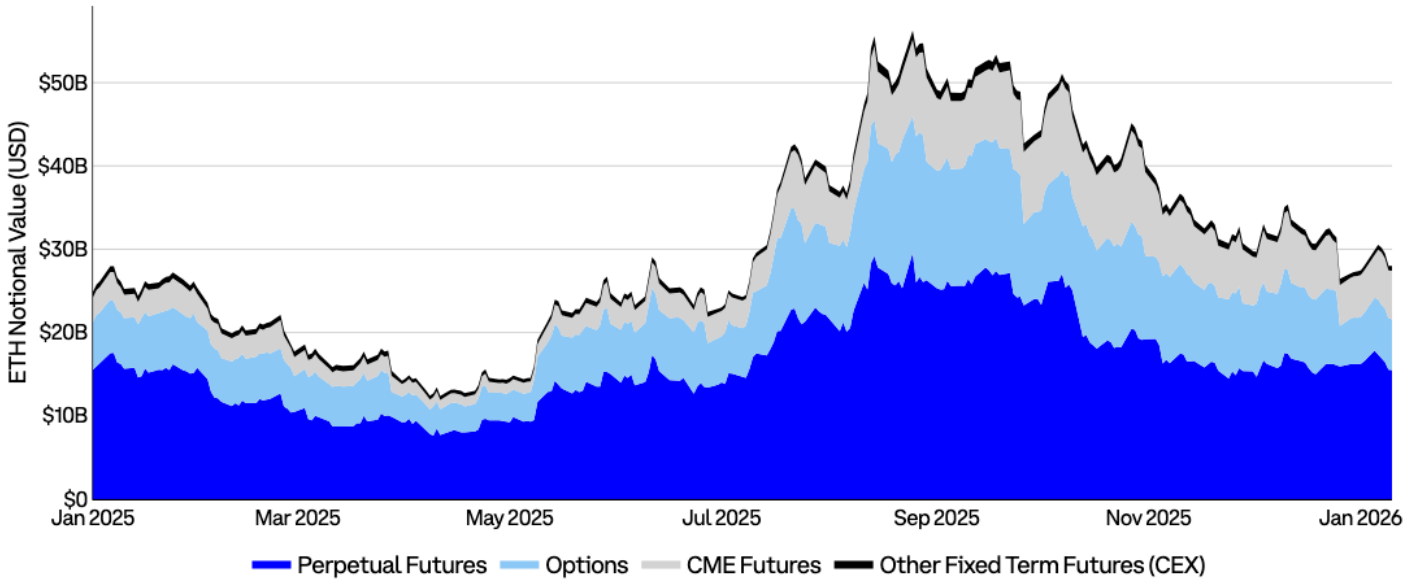
Table 8. ETH traditional term futures specs

Exchange	Coinbase Derivatives Exchange (CDE)	CME	Deribit
Size of Large ETH Contract	10 ETH	50 ETH	N/A
Size of Small ETH Contract	0.1 ETH	0.1 ETH	$1
Trading Hours	24/7	Sunday–Friday (6pm-5pm ET)[a]	24/7

[a] CME will launch 24/7 cryptocurrency futures and options trading starting May 29, 2026

- Maturities can extend up to two years on the CME and up to one year on Coinbase for traditional fixed-term futures (with perpetual-style futures on Coinbase now extending up to five years), though liquidity tends to be concentrated in shorter tenors like the 1m contract.
- Both CME and Coinbase are available nearly 24 hours per day (minus one hour for maintenance). Coinbase has offered full 24/7 trading on its regulated futures products since May 9, 2025 (with one-hour weekly maintenance on Fridays 5pm-6pm ET). CME operates Sunday 6pm ET to Friday 5pm ET but will launch 24/7 cryptocurrency futures and options trading starting May 29, 2026.
- CME futures settle using the CME CF Ether-Dollar Reference Rate (Bloomberg ticker: ETHUSDNY) calculated once a day at 4pm London time. Trading fees on exchange are around $4.17 per contract (per side) plus an $8 commission to the futures commission merchant (FCM). Rollover costs vary but range from 5-15bps.
- Contract size: on Coinbase Derivatives Exchange, one futures contract represents 10 ETH, but on CME, one futures contract represents 50 ETH. Note that nano and micro futures do exist, which represent fractions (0.1 on Coinbase and CME) of one ETH. Perpetual-style variants are also available on Coinbase.

Chart 13. Ether average daily notional value (open interest) over time

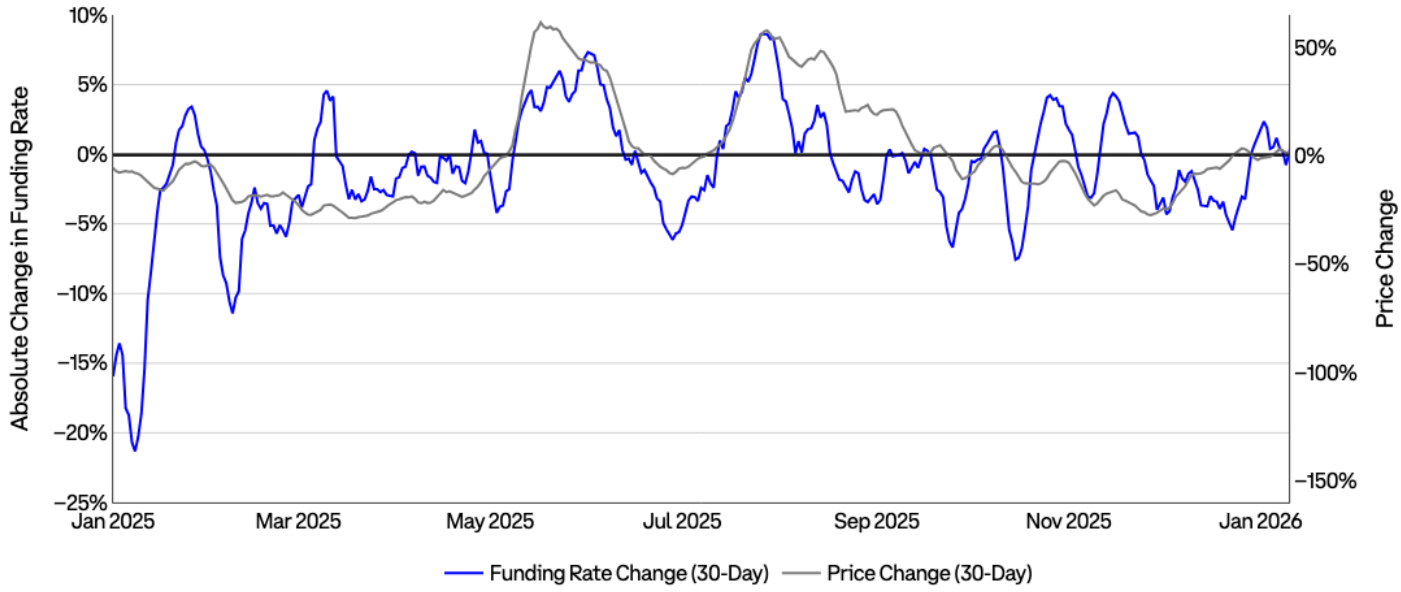


Sources: CoinMetrics, Glassnode, and Coinbase.

Perpetual futures. Perpetual futures, commonly referred to as "perps", are the most actively traded product in crypto. Perps are an attractive tool for investors because many platforms provide easy access to leverage, while the lack of physical settlement removes the rollover costs associated with fixed-term futures. Indeed, the funding rate mechanism, which forms the foundation for trading perps, also tends to be a core part of crypto's market indicators. A more detailed explanation can be found here.

- Perps trading is currently unavailable to U.S. entities, though that may change in the future. For now, "perp-style" contracts are available to U.S. entities via CFTC-regulated contracts on Coinbase.
- The average daily volume for ETH perps alone in 2025 was over $60B.
- Trading fees are usually calculated as a percentage of the contract quantity and vary depending on whether you're a maker or taker. Costs are often tiered based on a user's volume or assets-on-platform, but generally range from <1-5bps.

Chart 14. Changes in funding rate for ETH perps vs changes in ETH spot price



Sources: CoinMetrics and Coinbase. Funding rate change is the 30-day change in the annualized and open-interest weighted funding rate. Both data series are smoothed by a 7-day moving average.

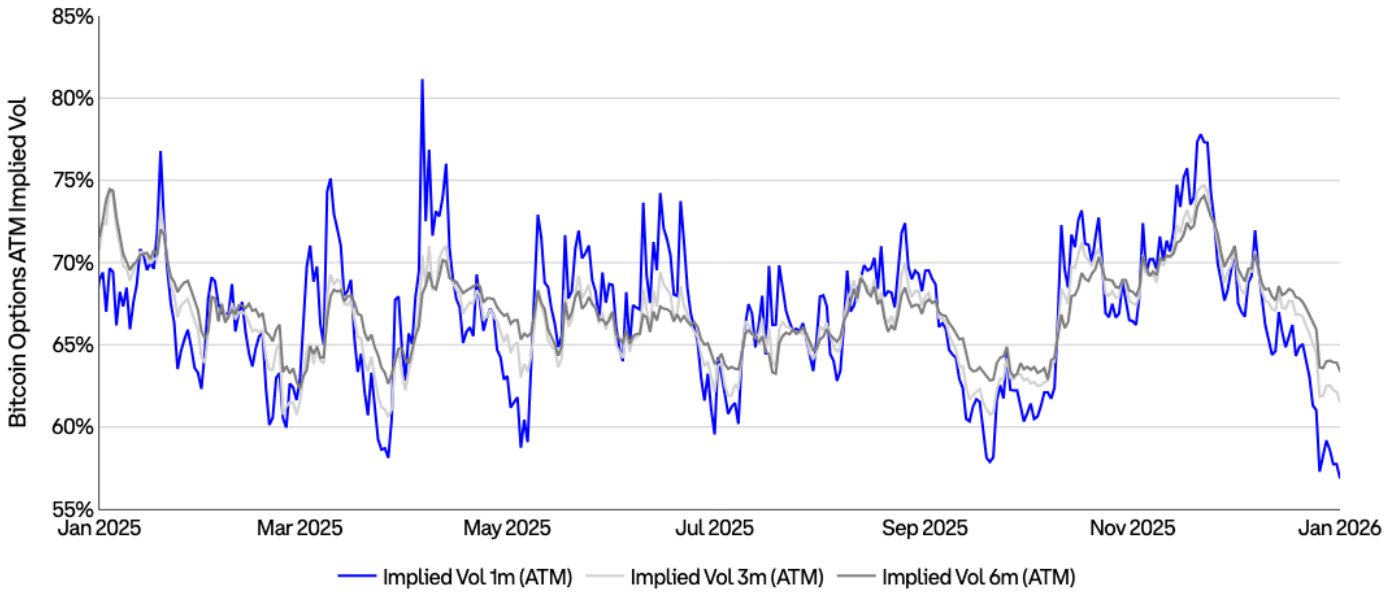
Options. The ether options market has grown significantly in size in 2025 when measured by notional open interest. Like perps, these markets are open 24/7, but trading options on ETH spot remains unavailable to U.S. entities.

- Tenors are available out to one year, though the best liquidity is found in shorter tenors of 1 or 2 months.
- Trading fees are around 3-5bps of the underlying, though spreads and general liquidity tend to be the key factors driving cost.
- Deribit commands ~80% market share of open interest on ETH options.

Onshore (U.S.) options are available on fixed-term CME futures as well as ETPs, including BlackRock's iShares Ethereum Trust, Grayscale's Ethereum Trust and Ethereum Mini Trust, and the Bitwise Ethereum ETF. Spot ETH ETF options offer regulated, institution-friendly avenues for ETH exposure, enabling risk management, leverage opportunities and standardized clearing processes.

- Tenors are available on these options out to two years for futures and around one year for ETFs, though the best liquidity is found in shorter tenors.
- For futures, the CME lists option contracts for six consecutive monthly expirations and two additional December expirations. CME crypto options trading will also become available 24/7 starting May 29, 2026.
- For ETFs, the Cboe lists option contracts for up to six standard monthly expirations that mature no later than 12 months.

Chart 15. Options ATM implied volatility for 1m, 3m and 6m contracts in ETH

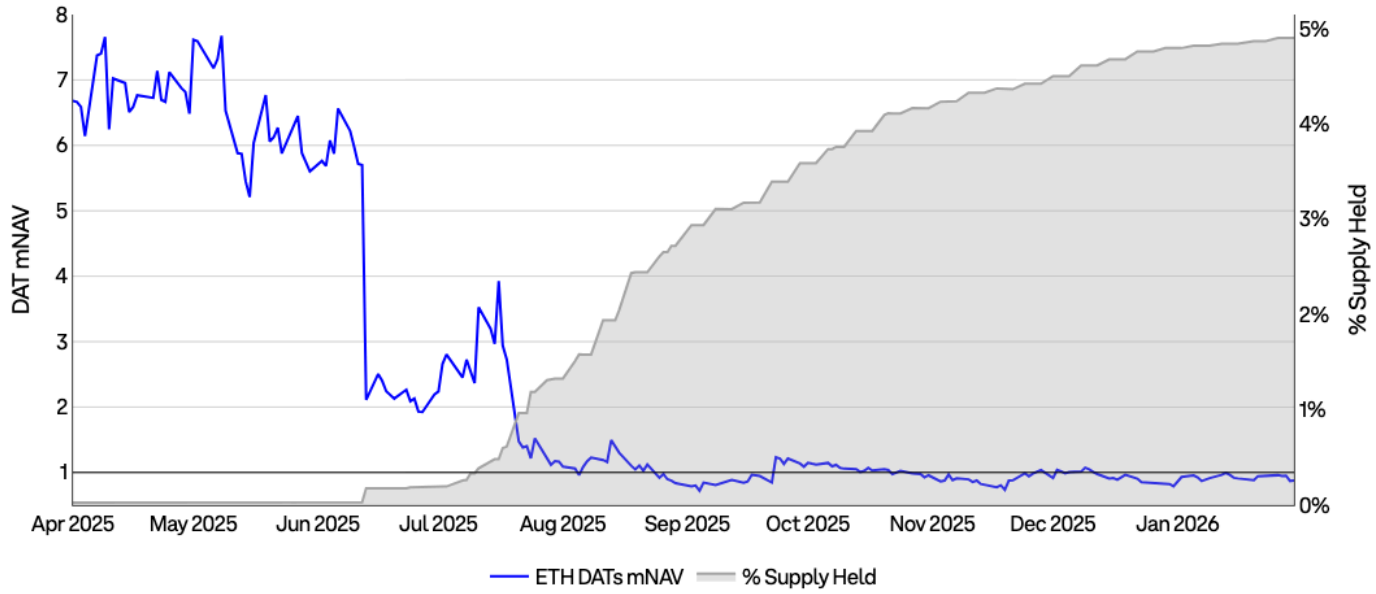


Sources: Glassnode and Coinbase.

Digital asset treasuries (DATs). A growing number of companies have adopted a strategy of accumulating digital assets for their treasury reserves, and starting in 2Q25, this model extended beyond bitcoin into ether-focused vehicles. In ether's case, the investment thesis for treasury accumulation is somewhat different, as ETH may be viewed not only as a reserve asset but also as a productive onchain asset tied to staking yields, settlement activity and the broader Ethereum economy. This provides investors with an indirect way to gain exposure to ether through traditional equity investments.

- BitMine (BMNR) has become one of the largest Ethereum DATs, but many others have followed suit in 2025 as more public market participants have explored digital assets as part of their treasury and capital markets strategy.
- The share of ETH supply held by DATs exceeded 5% of circulating supply by March 2026.
- However, the market's willingness to assign a premium to DAT equity fell materially over 2025, with aggregate market-to-net asset value (mNAV) compressing from well above 6x in early 2025 to below 1.0x by late-2025.

Chart 16. Ethereum DAT supply acquisition vs market-to-net-asset valuation (mNAV)



Sources: Blockworks and Coinbase.

Tradeoffs and Strategies

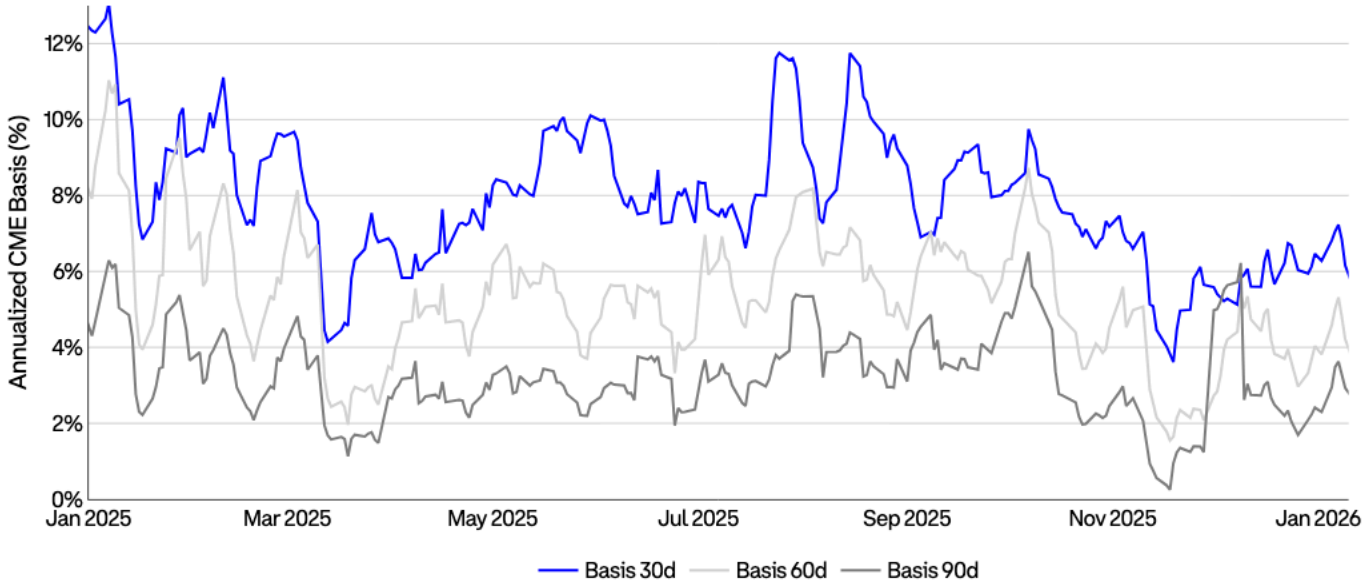
Trading ETH directly on spot markets versus using spot ETH ETFs introduces key considerations around execution costs, fees and liquidity. For example, trading ether spot can avoid management fees (typically 0.19–0.25% for leading ETFs) and net asset value (NAV) tracking discrepancies. On the other hand, ETFs offer exposure through regulated financial products with potentially easier custody and compliance considerations. Since the SEC approved in-kind creations and redemptions in July 2025, premiums or discounts to NAV have become minimal for major ETFs.

However, spot ETH ETFs remain subject to "gap risk" or price discontinuities that occur when these markets are closed during weeknights and weekends (ETFs trade only 9:30am–4pm ET). Because spot ether trades 24/7, the market can move meaningfully during the hours when ETFs are closed or unavailable. CME fixed-term ETH futures will transition to nearly 24/7 trading beginning May 29, 2026 (with only a brief weekly maintenance window). This change is expected to largely eliminate weekend gap risk for these products by enabling continuous trading and price discovery in line with the spot market. In the case of ETFs, these remaining market inefficiencies can point to monetizable strategies.

For example, **a common strategy for institutional investors looking to trade ether is the basis (or "cash-and-carry") trade.** This involves taking advantage of the price differences between the spot market and futures market for ether. Institutional investors can execute this trade by either (1) buying ether via the spot market or buying spot ETH ETFs and (2) simultaneously selling fixed-term futures contracts (or vice versa), locking in the spread as profit when the price between the two converges at expiry.

For the long side of basis trades, institutional traders are increasingly favoring spot ETH ETFs over direct spot ETH. This preference stems from the fact that ETFs are SEC-regulated financial products, which enhances compliance-friendliness by minimizing counterparty and operational risks. Furthermore, the ability to trade ETFs alongside CME futures within a single brokerage account streamlines the execution and settlement process, ultimately lowering friction and costs.

Chart 17. Basis yield (CME futures - spot) smoothed by 7-day moving average



All data series are smoothed with a 7-day moving average.
Sources: CoinMetrics and Coinbase.

With CME set to move its crypto futures and options complex to near-continuous trading, the economics of ether basis trades could change at the margin. Historically, part of the positive basis likely reflected compensation for periods when regulated futures markets were closed while ether continued trading 24/7. As weekend trading access improves, that specific friction may ease, which could modestly compress basis in some environments. That said, ether basis is also shaped by momentum, leverage demand, financing conditions and broader market structure, so any compression is unlikely to be mechanical or uniform. Cash-and-carry strategies should remain viable, particularly in bullish or leverage-heavy regimes, but average carry may become somewhat less dependent on weekend gap risk.

Spot ether ETFs still leave investors exposed to exchange-hours constraints. Because spot ether trades continuously while ETFs do not, investors can face timing mismatches, wider spreads, and temporary premium/discount risk when markets reopen after sharp overnight or weekend moves. And while spot ether ETFs are highly liquid, unwinding large positions through ETFs can still involve more execution friction than trading directly in the underlying global spot market. Ultimately, institutional investors should choose the vehicle that best matches their objectives, time horizon, and tolerance for execution, gap and liquidity risk.

Final Thoughts

Institutional adoption of crypto markets continued to evolve materially in 2025 and early 2026 as the array of accessible trading vehicles expanded and deepened. While bitcoin remains the primary focus for many institutions, we believe ether is increasingly understood as a distinct institutional asset class within crypto – one that combines monetary exposure with a technology and platform thesis tied to stablecoins, tokenization, staking and decentralized finance.

Several themes stood out over the last year. First, ETF flows became a more important transmission channel between traditional capital markets and crypto price action. Second, derivatives markets (especially perpetual futures and options) remained central to liquidity formation and tactical positioning. Third, the rise of crypto-linked treasury strategies underscored that crypto is increasingly being used not only as an investment asset but also as a broader capital markets and ecosystem exposure strategy.

Coupled with continued improvements in market liquidity and infrastructure, we believe crypto is primed for growing sophistication and broader institutional integration.

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