CRYPTO DIGEST: JANUARY 2026

A Blip in the Road?

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Crypto market – month in review

Digital assets extended their decline in December, though the retreat was far more measured than November's sharp selloff. Spot Bitcoin (BTC) slipped roughly 4%, spot Ethereum (ETH) eased about 1%, and spot Solana (SOL) fell around 9%. For the full year 2025, BTC and ETH both finished in negative territory—down approximately 6% and 11%, respectively—while SOL stood out with a significantly steeper 36% annual loss. After November's dramatic downturn, the digital asset market appeared to regain its footing, with no major shocks. BTC traded within a comparatively narrow band of $84K–$93K. ETH outperformed BTC, buoyed by firmer demand and a meaningful rally early in the month, while Solana continued to face outsized pressure amid broader market softness.

For crypto investors, 2025 proved to be a challenging and often frustrating year. The initial surge of optimism surrounding the new crypto-friendly US administration set the stage for strong early performance. The industry also made significant progress on legislation and saw meaningful institutional adoption at scale. However, the crypto market also weathered two major downturns in the first and fourth quarter, triggering fears of a looming "crypto winter".

Looking ahead, although volatility is likely to remain elevated, continued regulatory clarity, ongoing ETP adoption, and strengthening utility-driven sectors (such as tokenized assets, stablecoins, and cross-chain infrastructure) position the asset class for a more stable and potentially constructive 2026.

Source: Bloomberg L.P. unless otherwise stated. BTC is represented by XBTUSD Spot Exchange Rate. ETH is represented by the XETUSD Spot Exchange Rate. SOL is represented by XSOUUSD Spot Exchange Rate. **Please keep in mind that high, double-digit and/or triple-digit returns are highly unusual and cannot be sustained. *See key crypto definitions on page 3. ETP = Exchange-traded Product. Exchange-traded Funds (ETFs) are a type of ETP.**

What's Top of Mind?

Key Themes From 2025*	**Reason for Trend**
1. Stablecoins find product market fit	Stablecoins have reached maturity with a market capitalization[1] of over $297B[2] and are being used as on-chain cash
2. Tokenization of assets accelerates	Tokenized money market funds bring enhanced utility by streamlining payments and being used as collateral with funds bringing in billions in AUM
3. Blockchain infrastructure is institutional-grade	Technology stack now meets enterprise standards for scalability, security, and compliance, prompting asset managers to pursue partnerships with on-chain providers
4. Regulatory clarity improves globally	Regulators are advancing comprehensive digital asset frameworks globally, such as the US GENIUS & Clarity Acts; the EU's MiCA; and VARA in the Middle East[3]
5. Cryptocurrencies make new highs despite volatility	2025 was a strong year for most cryptocurrencies, but prices missed estimates by year-end due to a deleveraging cycle and shifts in the crypto landscape

1

Legislation Catalyst Stalled

- The much-anticipated US crypto market structure bill has hit a temporary standstill in the Senate—delaying what many viewed as a major catalyst for broader cryptocurrency adoption. The Senate Banking Committee abruptly postponed a critical hearing after Coinbase CEO Brian Armstrong withdrew his support, citing more than 100 last-minute amendments that introduced significant concerns for key industry stakeholders. According to Galaxy, the legislative path forward remains open but considerably more difficult—"the gap is narrow, but the chasm is deep." While the core market-structure framework had largely reached consensus, several newly added provisions introduced deal-breaking language for the industry.[4]
  - One major point of contention involves permitting stablecoins to pay yield. Under the previously approved Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act, stablecoin issuers are prohibited from paying interest to holders; reversing this could make yield-bearing stablecoins function too similarly to bank accounts and potentially create systemic risks for the traditional banking sector.[4]
  - Another sticking point centers on tokenized securities. Proposed restrictions could limit the SEC's ability to grant necessary exemptions that foster innovation—potentially reducing protections for developers and complicating the regulatory pathway for emerging tokenized financial products. The crypto industry is also deeply concerned about the possibility of extending bank-secrecy obligations (such as Know Your Customer / Anti-Money Laundering requirements) to software developers, who fundamentally cannot comply with rules intended for custodians and financial intermediaries.[4]
- While the postponement was undeniably frustrating, many believe it was a better outcome than forcing through a flawed bill. As some industry observers have noted, "Codifying market structure in federal law is the kind of thing that anchors an industry for the next hundred years." Looking ahead, there is optimism that progress will resume. Citi's 2026 digital-assets outlook projects rising cryptocurrency adoption, supported by the possibility of meaningful US digital-asset legislation as early as the second quarter.[5] As SEC Chair Paul Atkins put it, "The most important thing we can do right now for investors is bring crypto asset markets out of the regulatory gray zone."[6]

2

Is 24/7 Trading Coming? Sleep is Optional

- The New York Stock Exchange is developing a next-generation trading and settlement platform designed to bring traditional US equities and ETFs into a fully tokenized, around-the-clock market environment—pending regulatory approval. This initiative represents one of the most ambitious attempts yet to merge conventional market infrastructure with blockchain-based settlement technology. At its core, the proposed system is built to enable 24/7 trading, removing the long-standing constraints of standard market hours and aligning US securities more closely with the always-on nature of digital assets. By operating continuously, the platform would give investors—both institutional and retail—greater flexibility in managing positions, responding to global events, and executing trades without waiting for markets to reopen.[7] In addition to 24/7 trading, the platform also aims to enable fractional share ownership, dollar-denominated orders, and instant on-chain settlement using tokenized cash or stablecoin funding.

Past performance is not a guarantee of future results. ***See key crypto definitions on page 3.**

Notes

1. Market capitalization is a measure of an asset's total value, calculated by multiplying its current price by its circulating supply.
2. rwa.xyz and Invesco, as of December 31, 2025.
3. The **GENIUS Act**—Guiding and Establishing National Innovation for US Stablecoins Act—is the first comprehensive federal law regulating payment stablecoins in the US, signed into law in July 2025. The **CLARITY Act**—Digital Asset Market Clarity Act of 2025—is a major US market-structure bill designed to create a comprehensive federal regulatory framework for digital assets. The **Markets in Crypto-Assets Regulation (MiCA)** is the European Union's first comprehensive legal framework governing crypto-assets and crypto-asset service providers, designed to create uniform rules across all EU member states. **VARA, the Virtual Assets Regulatory Authority**, is Dubai's dedicated regulator for virtual assets, including cryptocurrencies.
4. Galaxy, Weekly Top Stories January 16, 2026.
5. Citi, Digital Asset Take, 2026 Outlook: Navigating the Path to Mainstream Adoption, December 18, 2025.
6. Bitcoin.com, SEC Chair Anticipates Trump Signing Crypto Market Structure Bill, January 14, 2026.
7. The Block, NYSE develops 24/7 tokenized securities trading platform, January 19, 2026.

Crypto Definitions

- **Stablecoins** are a type of cryptocurrency designed to maintain a stable value, typically by being pegged to a reserve asset such as the US dollar, another fiat currency, a commodity like gold, or a basket of assets.
- **Tokenization** is the process of converting ownership rights to a real-world or digital asset into a digital token recorded on a blockchain. Each token represents some claim on the underlying asset—such as a fraction of a security, a piece of real estate, a unit of currency, or even access rights—and can be transferred, traded, or stored much like any other blockchain-based asset.
- **Blockchain** is a digital ledger maintained by computers worldwide in a decentralized manner, where each "block" is a packet of data, a digital ledger used to record cryptocurrency transactions, including bitcoin.
- **Cryptocurrency** is a type of digital money (like bitcoin) that's not issued by a central bank or government. It uses secure technology to record and protect transactions, usually through something called a blockchain.
- A **testnet** is a separate, experimental blockchain network used by developers to test new features, applications, upgrades, and smart contracts without risking real assets or affecting the main blockchain (mainnet).

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Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations), and investors may not get back the full amount invested.

Cryptocurrencies are subject to fluctuations in the value of the cryptocurrency, which have been and may in the future be highly volatile. The price of a digital currency could drop precipitously (including to zero) for a variety of reasons, including, but not limited to, regulatory changes, a crisis of confidence, flaw or operational issue in a digital currency network or a change in user preference to competing cryptocurrencies. Cryptocurrencies trade on exchanges, which are largely unregulated and, therefore, are more exposed to fraud and failure than established, regulated exchanges for securities, derivatives, and other currencies. Currently, there is relatively limited use of cryptocurrency in the retail and commercial marketplace, which contributes to price volatility.

There are risks involved with investing in exchange traded products (ETPs), including possible loss of money. Shares are not actively managed and are subject to risks similar to those of stocks, including those regarding short selling and margin maintenance requirements.

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