

The Crypto Market: Institutional Awakening and Parallels to FX

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Just as FX evolved onto institutional platforms, crypto is now doing the same. 3DX – 360T’s institutional-only, Markets in Crypto-Assets Regulation (MiCAR) regulated digital exchange – enables clients to trade crypto by leveraging 360T’s established technology, workflows, and onboarding processes.

Launched at a time of renewed momentum in the digital asset space, 3DX arrives as institutional interest in crypto begins to accelerate, setting the stage for a market poised for broader growth.



A MARKET POISED FOR INSTITUTIONAL GROWTH

The crypto market has undergone a resurgence over the past year. In 2024, total market capitalization peaked at \$3.7 trillion, Bitcoin surpassed \$106,000, and centralized exchange trading volumes grew to \$10.4 trillion in November alone. This growth was initially fueled by the approval of Bitcoin spot ETFs, providing a legitimate entry point for institutional investors.

However, retail investors continue to dominate, driven by an \$84 trillion generational wealth transfer from Baby Boomers to Millennials and Gen Z, digitally native and risk-tolerant investors eager to diversify. Supporting this trend: a crypto-friendly stance by the current U.S. government.

However, despite this momentum, institutional adoption – especially for native crypto - is still facing hurdles. Regulatory uncertainty, capital inefficiencies, technological challenges, liquidity constraints, and reputational risks have all held institutions back for a long time. That said, with Bitcoin going through rallies, institutional investors are reassessing their strategies and looking to be part of the momentum – whether to serve the underlying

clients or to allocate for themselves.

This shift is evident in institutional data. A [PwC report](#) from last year revealed that 47% of traditional hedge funds held digital assets, up from 29% in 2023. Of these, 33% planned to increase allocations, driven by family offices and high-net-worth individuals.

FROM PEER-TO-PEER TO INSTITUTIONAL

Crypto market's infrastructure has undergone a seismic shift – just like other sectors of the financial markets before, only much faster. What began as a peer-to-peer ecosystem is now dominated by centralised exchanges (CEXs) optimised for retail users, often focussing on ease of use and the accessibility of long-tail crypto assets.

With institutional demand growing, Over-the-Counter (OTC) desks played a key role in facilitating block trades, bridging liquidity gaps and offering competitive pricing by aggregating liquidity from multiple centralised exchanges.

Today, the market remains fragmented, with hundreds of venues and service providers under varying degrees of regulatory oversight.



One might argue that crypto mirrors the structure of the FX market, where there is no primary market, 24/7 trading, a variety of base and quote currencies, and reliance on bilateral relationships. So, just like in FX, the institutions seeking access to crypto asset trading primarily base their decisions on three crucial factors: counterparty risk, liquidity access and regulatory compliance.

COUNTERPARTY RISK: LEARNINGS FROM TRADITIONAL FINANCE

One of the most significant lessons from traditional finance is the importance of counterparty risk. Though often overlooked in up trending markets, this issue remains at the heart of institutional trading. Looking at crypto, many of the platforms are not yet designed to meet institutional standards by, for example, often consolidating trading, clearing, market-making, and custody under one roof, which historically occasionally led to systemic failures in financial markets.

In response, institutional-grade providers are now addressing counterparty risk by introducing:

- **Elimination of Prefunding**, to boost capital efficiency and optimise operations.

- **Off-Exchange Settlement Solutions**, to reduce settlement risks and separate trading from settlement, echoing the Continuous Linked Settlement (CLS) model in FX.
- **Prime Brokerage** services to mitigate risk, enhance connectivity, and improve access to credit for market participants.

These shifts reflect a growing focus away from retail-driven platforms toward a matured crypto market infrastructure, suited for institutional needs.

LIQUIDITY: MOVING TOWARD INSTITUTIONAL-GRADE PLATFORMS

When it comes to trading execution, significant inefficiencies remain. Centralised exchanges (CEXs) dominate the market but are cloud-based with limited co-location options, making them unsuitable for latency-sensitive strategies. Moreover, their inability to manage high order loads may lead to system failures during periods of extreme volatility, leaving traders either trapped in directional positions or unable to capitalise on opportunities.

Single-dealer OTC desks provide an alternative, often featuring performant APIs



that allow for seamless integration, but the absence of pricing competition presents a clear limitation, particularly for institutions requiring best execution. As a result, the market is shifting toward multi-dealer platforms, which combine the best of both worlds—competitive pricing, institutional-grade connectivity, workflow automation and risk management tools.

Beyond execution, access to credit remains a critical factor in institutional crypto adoption. Demand for prime brokerage is growing. Today served by a handful of crypto-native prime brokers a maturing regulatory environment will allow major traditional prime brokers to open their balance sheets to native crypto as well - currently mostly prohibited through high capital requirements for banks, limiting their business case.

REGULATORY CLARITY: A KEY ENABLER FOR INSTITUTIONAL ADOPTION

The last pillar in institutional adoption and the backbone of financial markets is regulatory clarity. The Markets in Crypto-Assets Regulation (MiCAR) in Europe, which was fully implemented by the end of 2024, is creating a unified regulatory environment for crypto asset service providers (CASPs). This enables firms licensed in one EU member state to

operate across all 27 nations, expanding the addressable market. In the U.S., regulatory progress is also underway. In early 2025, the Securities and Exchange Commission (SEC) dropped several investigations and lawsuits against major crypto firms, signalling a more favourable environment for institutions. Additionally, the repeal of Staff Accounting Bulletin (SAB) 121 allows banks to custody crypto assets, making institutional custody feasible. Bills such as the GENIUS Act and the CLARITY Act, which aim to establish formal regulatory frameworks for stablecoins and crypto markets and the creation of a U.S. Digital Asset Stockpile further underscore the regulatory shift.

Further, crypto hubs such as Hong Kong, the UAE, the UK, and Switzerland are solidifying their positions, further accelerating the adoption of crypto by institutional firms.

THE FUTURE OF CRYPTO

Just as the FX market moved to institutional platforms decades ago, the crypto space is following a similar trajectory. The next wave of digital asset adoption is being shaped by institutions preparing to meet regulatory demands and embrace scalable, secure infrastructure.

Deutsche Börse Group is well positioned to lead in this evolution, backed by its robust



infrastructure, trusted market connectivity, and long-standing institutional relationships.

As part of this effort, 3DX, an institutional-only crypto trading venue regulated under MiCAR and operated by 360T, is now live.

3DX operates as an execution-only multi-dealer venue with a clear governance structure, with firms gaining exposure to the crypto market through a familiar trading infrastructure. The non-pre-funded model enhances capital efficiency, with spot trades settling on a T+1 basis. The streaming price model supports tailored, bilateral pricing, while side-by-side FX trading leverages existing 360T connectivity for streamlined cross-trade hedging.

In parallel, Deutsche Börse Group continues to expand its digital asset footprint through Clearstream and Crypto Finance. Clearstream has extended its custody capabilities to include crypto-assets, while Crypto Finance now offers fully regulated brokerage, custody and secure settlement solutions for institutional clients. Both entities are already MiCAR compliant, reinforcing the Group's comprehensive and regulation-first approach to digital assets.



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Link List

- > [3DX: 360T's Digital Exchange - 360T](#)
- > [360T Expands to Digital Assets with the Launch of its 3DX Digital Exchange](#)