Appendix 1. The Bitcoin Staking Market Opportunity

This appendix supports the market-opportunity claim in the Abstract, that less than 1% of Bitcoin supply earns yield against 19% to 67% on major proof-of-stake networks. It sizes the capital a self-custodial, Bitcoin-denominated yield mechanism could address, evaluated from three complementary angles.

The opportunity for a self-custodial Bitcoin staking product can be evaluated from three complementary angles. The first compares Bitcoin's staking participation to mature proof-of-stake networks, showing the structural gap that defines the opportunity at a macro level. The second sizes the institutional Bitcoin already held in ETFs and corporate treasuries, capital that is structurally addressable by a self-custodial, native-BTC-denominated yield product. The third measures existing wrapped Bitcoin and Bitcoin yield protocols, capital that has already moved in search of utility and yield and is contestable by a superior alternative.

Industry Comparison: Staking Ratios Across Major Networks

Proof-of-stake networks routinely operate with 30 to 67% of supply earning yield. Solana operates with approximately 67% of total supply locked in staking as of February 2026 (Datawallet). Cardano sits near 58% (Coinbase). Ethereum, the closest structural comparison given competing capital uses like DeFi collateral and gas, runs at approximately 30% (Santiment). BNB Chain sits at 19% (AMBCrypto), reflecting its multi-use token economy.

Bitcoin sits at less than 1% of supply earning yield across all staking protocols combined. The gap defines the macro opportunity. Bitcoin has a market capitalization of approximately $1.57 trillion (Bybit, May 2026), with each percentage point of supply representing approximately $15.7 billion in capital.

Translating the addressable pool into a capture scenario provides a grounded sizing:

Staking Ratio	Comparable Network	BTC Capital Productive
1% (current state)	Bitcoin today (all protocols)	~$15.7B
5%	Below any major PoS network	~$78B
15%	Roughly half of Ethereum	~$235B
30%	Ethereum-level participation	~$471B

Bitcoin in Treasuries and Yield Strategies: Structurally Addressable

Institutional Bitcoin held by entities that need accounting-clean, custody-preserved yield is now substantial. Public companies hold $73.80 billion in BTC, representing 5% of total supply. Private companies hold $29.32 billion, another 2%. Bitcoin in ETFs and corporate treasuries combined accounts for approximately 14% of total supply (Bitwise, February 2026), equivalent to roughly $220 billion in BTC at current prices.

BlackRock's iShares Bitcoin Trust alone holds approximately 786,300 BTC ($54 billion AUM as of February 2026), making it nearly 49% of the U.S. spot Bitcoin ETF market by AUM (Investing.com, March 2026). The broader U.S. spot Bitcoin ETF complex holds well over a million BTC across BlackRock, Fidelity, and other providers.

Wrapped Bitcoin products require giving up custody, which corporate treasuries and ETF mandates often prohibit. A product that pays native BTC yield to a BTC holder who never gives up custody is the likely structure that fits the constraints of this $220 billion pool.

Realistic Capture Scenarios

Translating the addressable pool into a capture scenario provides a grounded sizing of the opportunity. More than a dozen public companies hold $1 billion or more in BTC, with multiple holders in the $2 to $3 billion range and a single holder above $60 billion (bitcointreasuries.net, May 2026). Reaching $5 billion in Stacks Bitcoin bonds requires capturing approximately 2.3% of the treasury and ETF Bitcoin pool. That share could materialize through several plausible paths:

- **Two medium-sized public treasuries**, each holding $2 billion in BTC, committing 50% of their position: $2 billion combined.
- **Ten medium-sized treasuries**, each holding $500 million in BTC, committing 50%: $2.5 billion combined.
- **A single large corporate holder** allocating 5% of a $50 billion+ Bitcoin position: $2.5 billion from a single participant.
- **One major ETF provider** partnering on a structured yield product representing 0.5% of AUM: $200 to $300 million per provider.

The 2.3% capture rate is the share required to put a Bitcoin staking product on parity with the current Babylon TVL using only the treasury and ETF pool, without any retail or wrapped-BTC migration contribution. A 5% capture rate from this single pool, still well within institutional adoption norms for new asset products, represents $11 billion in Stacks Bitcoin bonds. A 10% capture rate represents $22 billion.

The fit matters before the sizing does, every other Bitcoin yield product currently in market makes a tradeoff that excludes this cohort. The Stacks Bitcoin staking product is the first that does not.

Existing Wrapped BTC and Bitcoin Yield Products: Market Share to Take

Bitcoin holders who already want productive Bitcoin have moved approximately $25 to $30 billion of BTC into existing wrapped and staking products. Each of those positions represents capital that has accepted some compromise on custody, denomination, or trust assumptions in exchange for utility. A superior self-custodial alternative addresses the entire pool.

Wrapped Bitcoin

Wrapped Bitcoin (WBTC) holds approximately $8.11 billion in market cap with around 150,000 tokens in circulation (CoinStats, April 2026). Coinbase's cbBTC has captured roughly 35% market share with $6.1 billion in market cap and 87,000 tokens, growing rapidly since its September 2024 launch (CoinStats). Threshold's tBTC sits around $220 million, with FBTC, dlcBTC, and other alternatives adding several hundred million more (Gate, DWF Ventures).

The total wrapped Bitcoin market sits at approximately $15 to $20 billion in aggregate. Every wrapped BTC token in circulation represents a BTC holder who accepted custody risk, bridge risk, or both, in exchange for utility. A product that preserves L1 custody while delivering native BTC yield is competing for capital that has already demonstrated willingness to move for the right product.

Bitcoin Staking and Restaking Protocols

Bitcoin staking protocols collectively held approximately $10 to $11 billion at peak in January 2025 and stabilized around $10 billion through 2025 (Coinlaw). Babylon currently holds approximately $4.1 billion (DeFi Llama, May 2026) to $5.64 billion (Phemex, depending on Bitcoin price reference). Solv sits at approximately $2 billion, Lombard near $1.8 billion, and Core DAO between $500 and $600 million.

These protocols proved the demand exists. Bitcoin holders accepted slashing risk, lockup periods, and yield denominated in altcoins because the alternative was holding idle Bitcoin. A self-custodial Bitcoin staking product that pays native BTC yield with no slashing addresses the same demand with materially better terms. Yield paid in native BTC rather than BABY is a direct advantage.

Synthesizing the Addressable Pools

Pool	Approx. Size	Addressability
Institutional treasuries and ETFs	$220B	Theoretically 100%
Wrapped Bitcoin (WBTC, cbBTC, tBTC, FBTC, others)	$15–$20B	Direct competitor
Bitcoin staking and restaking (Babylon, Solv, Lombard, Core)	$10–$11B	Direct competitor

The combined addressable pool sits at approximately $245 to $251 billion. Roughly $25 to $30 billion is already in motion across competitor products, contestable by a self-custodial alternative that offers native BTC denomination and L1 custody. The remaining $220 billion is capital that no current Bitcoin yield product can serve, and that becomes accessible through the self-custodial Bitcoin staking product as a category.

The combined pool is materially larger than the current TVL of any Bitcoin yield product in market. Even a 1% capture represents approximately $2.5 billion in Stacks-anchored Bitcoin, with 2% representing $5 billion and 5% representing over $12 billion. The product is engineered to absorb capital as it commits, with new bonding periods opening roughly every month, allowing capacity to expand with demand rather than gating supply to fixed annual windows. The chapters that follow examine why Stacks is structurally positioned to convert this opportunity into participation, and how the resulting capital flows compound back into the broader Bitcoin-native economy.