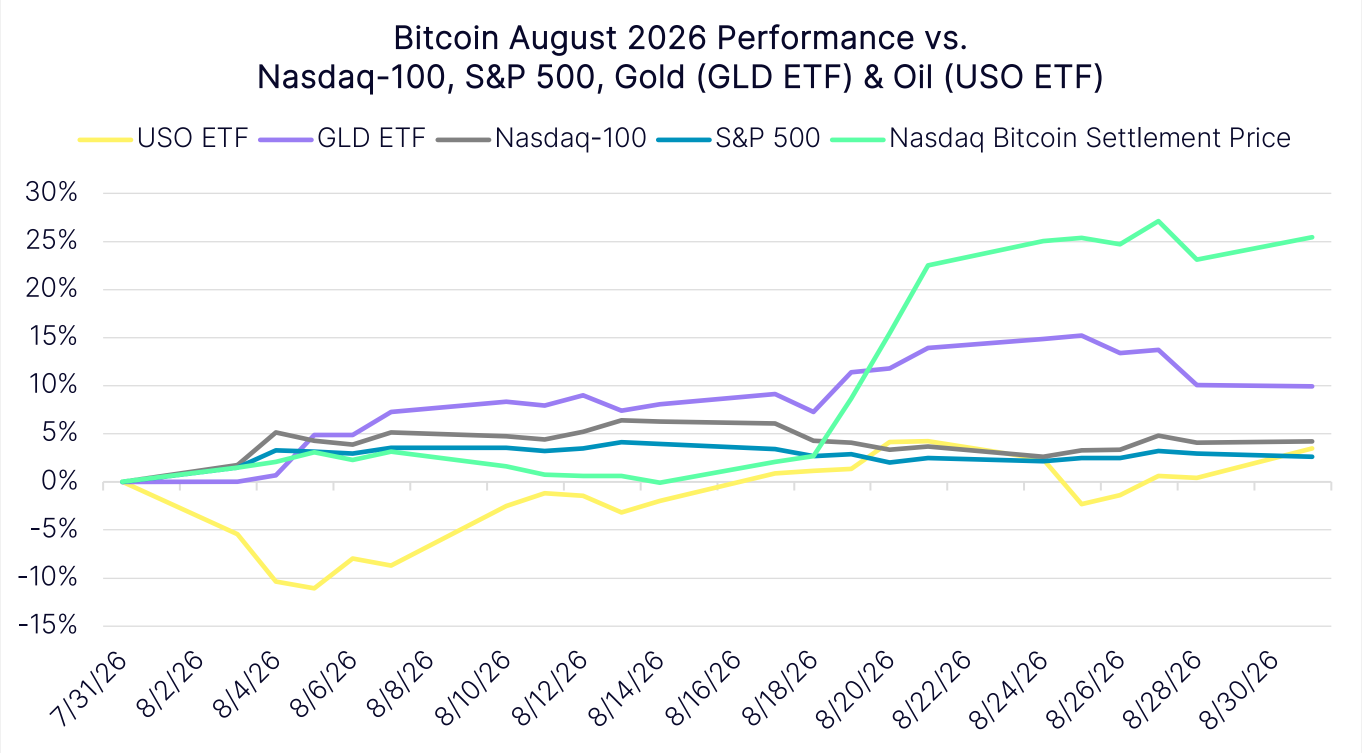
Monthly Digital Asset Market Report: August 2026

Overview

In August, digital asset markets experienced a significant rebound after a string of declines earlier this year. Bitcoin (BTC) ETF inflows surged along with general digital asset market sentiment, despite losses over USD ~$100 million in value when digital asset hardware wallet, Coldcard, was hacked.



Market

The total digital asset market capitalization started the month of August at ~$2.16 trillion and ended the month at ~$2.66 trillion, representing a 23% increase.[1] Over the first quarter of 2026 the digital asset market capitalization declined -21%[2] and over the second quarter it declined -13%.[3] August's total digital asset market capitalization fell as low as ~$2.15 trillion at the beginning of the month and experienced a high of ~$2.71 trillion on August 24.[4] U.S. Spot Bitcoin ETFs experienced significant net inflows in August, with a total ~$3.52 billion entering the ecosystem.[5] The assets under management (AUM) of ETFs invested in BTC and ETH ended the month at ~$114

[1] CoinMarketCap Charts, 7/31/26 – 8/31/26
[2] CoinMarketCap Charts, 12/31/25 – 3/31/26
[3] CoinMarketCap Charts, 3/31/26 – 6/30/26
[4] CoinMarketCap Charts
[5] SoSoValue

billion. The AUM of ETFs holding BTC reached a high of ~$101.76 billion in August, and ranged from 5.5% to 6.5% of BTC market capitalization throughout the month.[6] The AUM of ETFs holding BTC or ETH reached a high of ~$115.71 billion in August, where BTC represented 88% and ETH represented 12% of the total.[7]

U.S. crypto market sentiment rose massively in August after starting the month with a score of 35, indicating "Fear" as measured by the CMC Crypto Fear and Greed Index produced by CoinMarketCap, where a score of 0 represents maximum fear and 100 represents maximum greed.[8] Over the course of August, the CMC Crypto Fear and Greed Index ranged in score from 35 to 82, ending the month with a score of 73, which is considered "Greed". The similar Fear and Greed Index produced by The Block (max fear at 0, max greed at 100) scored the beginning of August at 27 and the end of the month at 62.[9]

Perpetual futures ("perps") have become one of the largest markets in crypto, where digital assets, equities, commodities, and beyond are represented on both centralized and decentralized exchanges as futures contracts that never expire. Perps now represent trillions of dollars in trading volume (note that regulation restricts U.S. persons' access to perpetual futures contracts).[10] Perps emerged in crypto around 2016 and while centralized exchanges have been offering them for years, decentralized exchanges (exchanges operating on blockchains) have recently been gaining market share, competing with blockchain-specific features such as 24/7 trading availability and self-custody.[11]

Threat intelligence company TRM Labs estimates that so far in 2026 there have been 207 separate crypto hacks resulting in losses of approximately $972 million.[12] A notable hack occurred in August, when a seed-generation vulnerability in the code of a digital assets hardware wallet, Coldcard, was exploited by attackers. Galaxy Research estimates that over 1,700 BTC was stolen from ~8,600 addresses, amounting to losses of approximately USD $112 million in value.[13]

This hack calls into question the longstanding idea – held by some bitcoin maximalists and others in the space – of self-custody (directly controlling one's own wallet and keys) being the least risky option for the storage of digital assets, vs. third-party intermediaries such as exchanges or custodians. While each method of custody has advantages and drawbacks, this hack highlights the importance of solid underlying infrastructure such as code and key-generation processes for all wallets, hardware and beyond, the existence of which is difficult for users to reasonably evaluate when selecting a provider. All companies engaged directly or indirectly in custody should establish effective infrastructure and procedures to become as resistant to vulnerabilities as possible, and actively communicate these practices to existing and potential users.

Some companies providing multi-sig wallets, which are wallets that require more than one signature to send a transaction, have seen a significant uptick in inbound interest in the wake of the Coldcard attacks.[14] There's also been a large uptick in spot BTC ETF inflows, jumping from $172.43 million in July to $3.52 billion in August.[15] This may or may not be connected to the Coldcard attacks, but is being discussed in digital asset communities.[16] CryptoQuant data shows significant movements of digital assets to exchanges following the Coldcard hacks, which is the opposite of movements seen in the aftermath of the FTX collapse, when holders moved assets from

[6] CoinMarketCap ETF Charts
[7] CoinMarketCap ETF Charts
[8] CoinMarketCap Fear and Greed Index
[9] The Block Fear and Greed Index
[10] a16z Crypto
[11] a16z Crypto
[12] TRM Labs
[13] Galaxy Research
[14] Galaxy Research
[15] SoSoValue
[16] X

centralized exchanges to self-custody solutions.[17] Additionally, long-dormant digital assets were observed moving to new wallets following the Coldcard hacks.[18]

Notable Events

- A hardware wallet for digital assets called Coldcard, created by Coinkite, was hacked in late July and early August. According to Galaxy Research, losses rose to approximately $112 million.[19]
- South Africa's National Treasury and The South African Reserve Bank released a joint statement inviting public comment on draft regulation, a Crypto Assets Manual, regarding cross-border crypto asset transactions.[20]
- Wells Fargo announced plans to launch tokenized deposits.[21]
- Samsung announced plans to add stablecoin support to 800 million new Galaxy smartphones.[22]
- A fork of the Bitcoin blockchain emerged on August 8. Two blocks were produced before progress on the new chain stalled. The fork was a result of Bitcoin Improvement Proposal (BIP) 110, which proposes that Bitcoin consensus be temporarily altered (for one year) to limit data storage in transactions. BIP-110 has been a contentious proposal in the Bitcoin community, where supporters argue that Bitcoin nodes are currently burdened by arbitrary data embedded in transactions which increases transaction costs, and that Bitcoin should refocus on what they see as its primary purpose: digital payments. Opponents argue that this proposed restriction runs contrary to Bitcoin's original design.[23]
- The Bank of England is exploring how central bank money and public stablecoin infrastructure might coexist to support trade finance.[24]
- A three-phase national study released in August by The Bitcoin Policy Institute, Cygnal, and Neighborhood Bitcoin, explored the Bitcoin messages and messengers that move public opinion.[25]
- U.S. state banking associations are planning to launch a blockchain network called "BankChain Alliance" in 2027 to support innovations such as stablecoin payments and tokenized deposits.[26]

Regulation & Policy

The Digital Asset Market Clarity Act (the CLARITY Act), which aims to establish a U.S. regulatory framework around digital assets and clarify the jurisdictions of federal oversight, continues to be debated by banks and crypto industry leaders who are primarily at odds over issues of stablecoin rewards,[27] legal responsibilities related to illicit finance,[28] and limiting senior government officials' ties to the industry.[29] As a next step, the bill would need to proceed through the Senate.[30] BlackRock, Fidelity, Franklin Templeton, Goldman Sachs and SoFi have publicly supported the Act.[31] No vote was held before the August recess, and lawmakers won't return until mid-September.[32]

[17] Coindesk
[18] Coindesk
[19] Galaxy Research
[20] Coindesk
[21] Business Wire
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[25] Bitcoin Policy Institute
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[31] Coindesk
[32] Coindesk

On August 18, the U.S. Securities and Exchange Commission (SEC) proposed new rules, called "Regulation Crypto Assets," offering a regime for certain investment contracts involving crypto assets. SEC Chairman Paul S. Atkins said in a press release, "As we continue the Commission's efforts to provide clarity for crypto markets, and as Congress works to establish a lasting regulatory framework, Regulation Crypto Assets seeks to provide crypto asset entrepreneurs and market participants with clear pathways to raise capital under the federal securities laws." The proposed rules include two exemptions from registration requirements tailored to certain crypto-related investment contracts.[33]

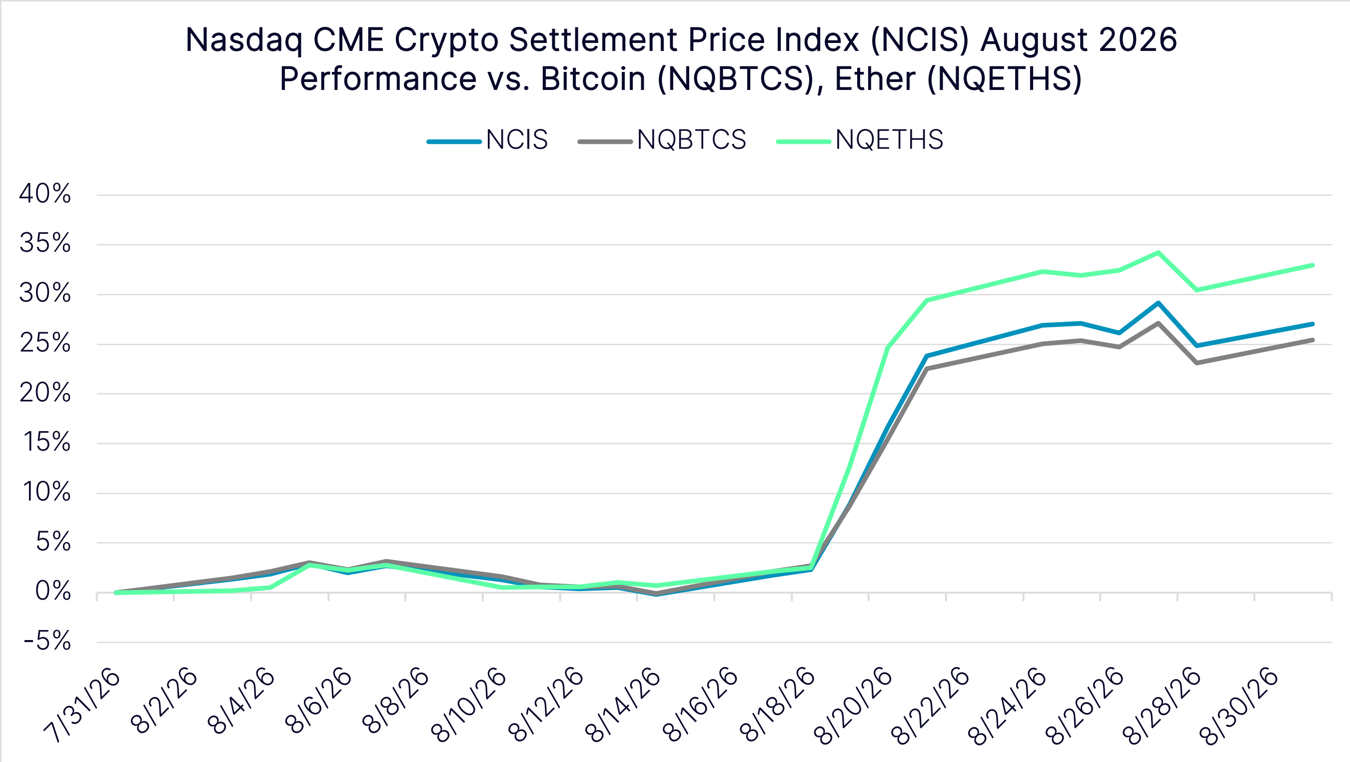
The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, is instituting The Markets in Crypto-Assets Regulation (MiCA) framework, which requires crypto companies to obtain licenses from the national authority in order to operate in the European Union, amongst other rules. While MiCA entered into force in June 2023, there has been a transitional period during which crypto companies operating in the EU may obtain licenses, with July 1, 2026 set as the final compliance deadline. The European Commission launched a public consultation in May seeking feedback on MiCA, which is open until September 30, 2026. An increase in scam activity has been observed since the July 1st deadline, where scammers have impersonated regulators and other organizations in an attempt to steal funds.[34]

The United Kingdom's Financial Conduct Authority (FCA) announced plans to introduce a crypto rules framework on July 30, 2026 which addresses market integrity and stablecoins, after legislation in February 2026 expanded the FCA's oversight to include crypto assets, with the new rules coming into effect in October 2027.[35] Britain plans to add a secondary objective for the Bank of England via the Financial Services and Markets Bill, where the Bank of England is expected to support innovation in payment systems and digital money.[36]

Nasdaq CME Crypto™ Index (NCI™)

Nasdaq's flagship crypto index, the NCI, measures the performance of a basket of the most actively traded digital assets and provides a benchmark for institutional investment in the asset class. The NCI represents a real-time index that is calculated every second throughout a 24-hour trading day. The Nasdaq CME Crypto Settlement Price™ Index (NCIS™) measures the same constituents but is calculated once a day with a settlement time at 4:00:00 PM New York Time. Over the month of August 2026, the NCIS returned 27.02%.[37] Its two biggest constituents, as tracked by the Nasdaq Bitcoin Settlement Price™ Index (NQBTCS™) and Nasdaq Ethereum Settlement Price™ Index (NQETHS™), returned 25.42% and 32.95%, respectively.

[33] SEC
[34] Coindesk
[35] FCA
[36] Coindesk
[37] Nasdaq GIW



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