

Solana

(SOL)

Tokenholder Report

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Q2 2026

Blockworks Advisory



Solana Tokenholder Report — Q2 2026

Q2 2026 · Prepared by Blockworks Advisory

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Solana

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SECTION 01

Executive Summary

Record tokenized-asset volumes, sustained ETP inflows, and record staked SOL through the drawdown, against a continued post-memecoin revenue reset.

\$5.8B

TOKENIZED ASSET
VOLUME

+114% QoQ

\$183B

PERPS NOTIONAL
VOLUME

+60% QoQ

\$120M

SOL SPOT ETP NET
INFLOWS

vs \$113M in Q1

\$51.0M

REAL ECONOMIC
VALUE

-43% QoQ

Q2 2026 delivered the strongest evidence yet that durable, non-speculative demand is building on Solana, and that its king of spot position generalizes beyond any single asset class. Tokenized asset volumes reached a new all-time high of \$5.8B, up 114% QoQ, led by tokenized equities at \$4.8B, more than four times the Q1 record. June alone accounted for \$3.3B of equities volume, and Solana today handles approximately 97% of tokenized-equity trading across all chains. This growth came amid a broader industry slowdown and a continued post-memecoin revenue reset, with REV declining 43% QoQ to \$51.0M and application revenue falling 31% to \$228.4M. Even so, Q2 suggested that Solana's demand base has broadened beyond purely speculative activity.

Institutional demand for SOL held through the quarter despite significant outflows from both BTC and ETH spot ETPs (-\$3.7B and -\$0.5B, respectively). SOL spot ETPs recorded \$120M in net inflows, ahead of Q1's \$113M, and staked SOL ended the quarter at a new quarter-end high of 427M (roughly two-thirds of supply). Stablecoin supply stayed relatively flat at \$16.3B, and DEX volume, while down 44% QoQ at \$160.8B, rebounded 26% month over month in June, suggesting the activity trough may have passed mid-quarter.

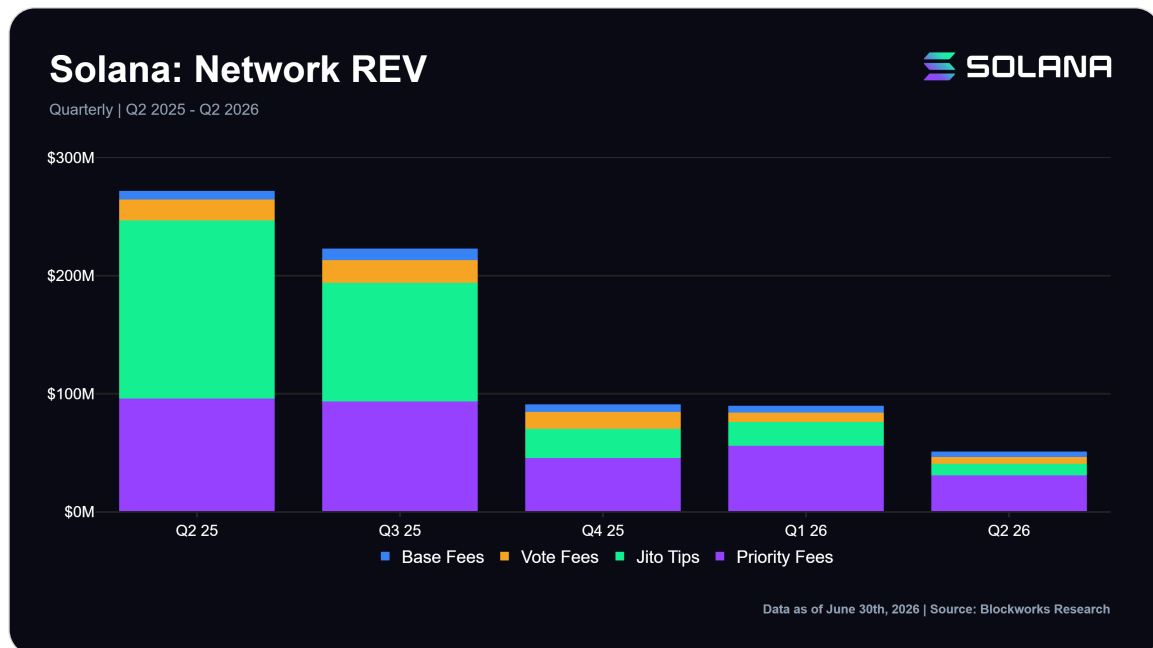
At the network level, Solana processed 9.8B non-vote transactions, its second-highest quarterly count after Q1's record, while median fees averaged \$0.0004 and remained stable throughout Q2. The forward story now centers on Alpenglow, Solana's largest protocol upgrade to date, bringing 150 milliseconds confirmation times alongside staged slot-time reductions, larger blocks, and a standardized mechanism for sharing block revenue with stakers.

SECTION 02

Financials

Real Economic Value (REV)

Solana's Real Economic Value (REV) totaled \$51.0M in Q2 2026, down 43% from Q1's \$89.8M. After stabilizing near \$90M for two consecutive quarters, REV took another leg lower as the memecoin-driven activity that powered the 2025 peaks continued to unwind: monthly REV declined from \$18.6M in April to \$18.1M in May and \$14.3M in June. The decline was broad-based across components: priority fees fell 45% QoQ to \$30.8M, Jito tips fell 50% to \$9.9M, and vote and base fees together contributed \$10.3M.

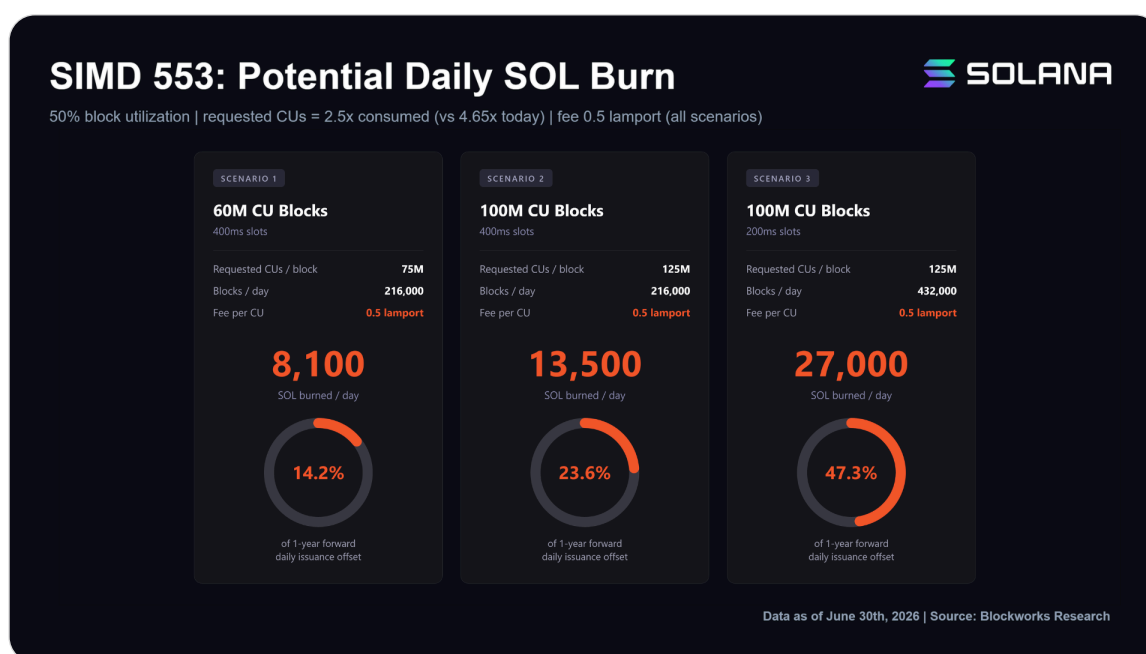


Solana: Network REV. Source: [Blockworks](#)

Q2 saw the introduction of SIMD-553, a proposal from Solana research and development firm Temporal that would materially strengthen SOL's value-accrual framework.

The proposal would reintroduce a meaningful transaction-fee burn by replacing part of Solana's existing fixed fee with a new resource-based fee that is permanently removed from supply. Unlike the current burn, which has become negligible relative to issuance, the new mechanism would scale with both network usage and capacity.

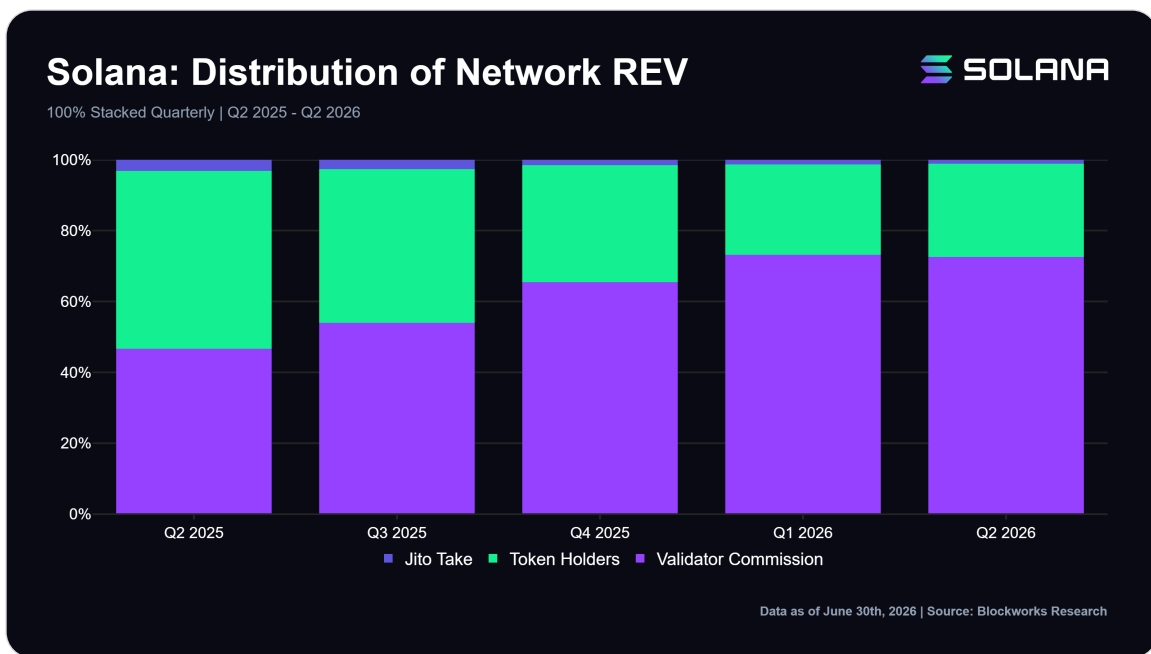
At current activity levels, SIMD-553 is estimated to burn between 7,500 and 9,000 SOL per day (\$600k to \$720k at \$80 per SOL), roughly ten times the current rate and equivalent to approximately 12% to 15% of daily issuance.



SIMD 553: Potential Daily SOL Burn. Source: [Blockworks](#)

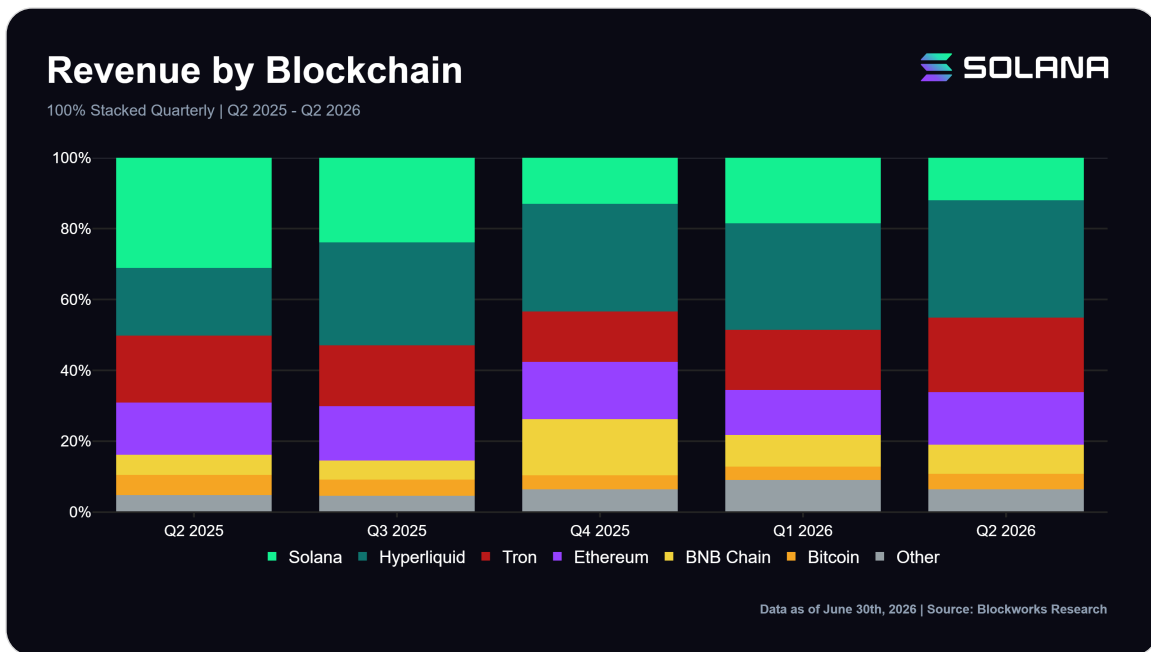
For SOL holders, the implication is straightforward: as network usage and demand for blockspace grow, a larger amount of SOL would be removed from circulation. This would give REV a second value-accrual channel, alongside the revenue distributed to validators and stakers, and ensure that increased network activity benefits all token holders rather than block producers alone.

The distribution of REV across network stakeholders remained consistent with recent quarters: roughly 72% accrued to validators, 26% to token holders, and about 2% was captured by Jito.



Solana: Distribution of Network REV. Source: [Blockworks](#)

When looking at revenue by chain, Solana ranked fourth with a 12% share (\$51.0M), behind Hyperliquid with 33% share (\$141.4M), Tron with 21% (\$89.8M), and Ethereum with 15% (\$63.3M). Solana's 12% share of network revenue represents a 33% QoQ decline from 18% in Q1 2026.



Revenue by Blockchain. Source: [Blockworks](#)

Staker Revenue

SOL's nominal staking yield ended Q2 at approximately 5.5%, down from 5.8% at the end of Q1, as the fixed emission schedule continued to decay: inflation now sits near 3.8%, with the 1.5% terminal rate roughly six years out under the current schedule. Real staking yield (nominal yield less inflation) ended the quarter at approximately 1.7%.



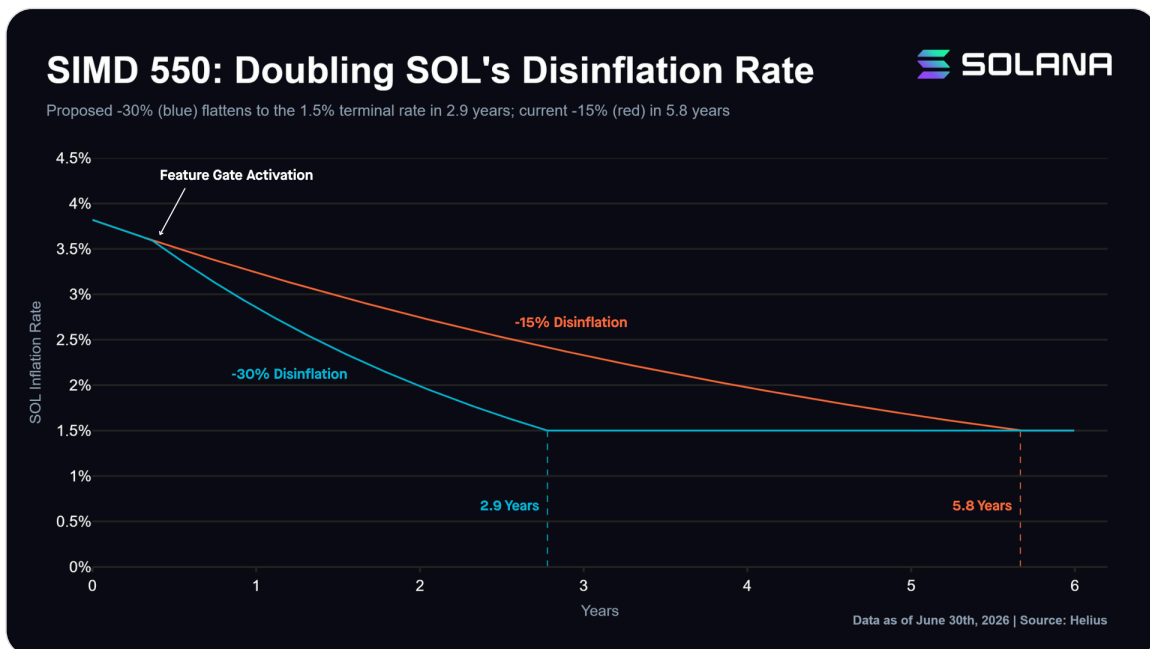
Solana: Staking Yields. Source: [Blockworks](#)

Solana stakers earned \$487M in Q2 2026, down 23% from \$630M in Q1. Issuance accounted for over 98% of staker revenue, with Jito tip yield contributing \$8.2M.



Solana: Staker Revenue. Source: [Blockworks](#)

Q2 saw issuance move to the center of governance discussions. Helius, a Solana infrastructure provider, proposed SIMD-550 during the quarter to target the supply side of staker economics. An updated version of the firm's November 2025 proposal, SIMD-550 would double Solana's disinflation rate from 15% to 30% a year, doubling the pace of decay while leaving the terminal rate of 1.5% unchanged. This would halve the time to terminal inflation, from 5.8 years (H1 2032) to 2.9 years (H1 2029), and cut roughly 18.9M SOL of emissions over the period. The trade-off for stakers is a faster decline in nominal yield: assuming a 68% staking rate, nominal staking yields would decline to 4.34%, 3.00%, and 2.25% across the first three years. For token holders, the same math cuts dilution, narrowing the gap between nominal and real yield. SIMD-550 and SIMD-553, introduced earlier, take on two sides of the same problem, the former cutting supply growth and the latter adding usage-linked burn.



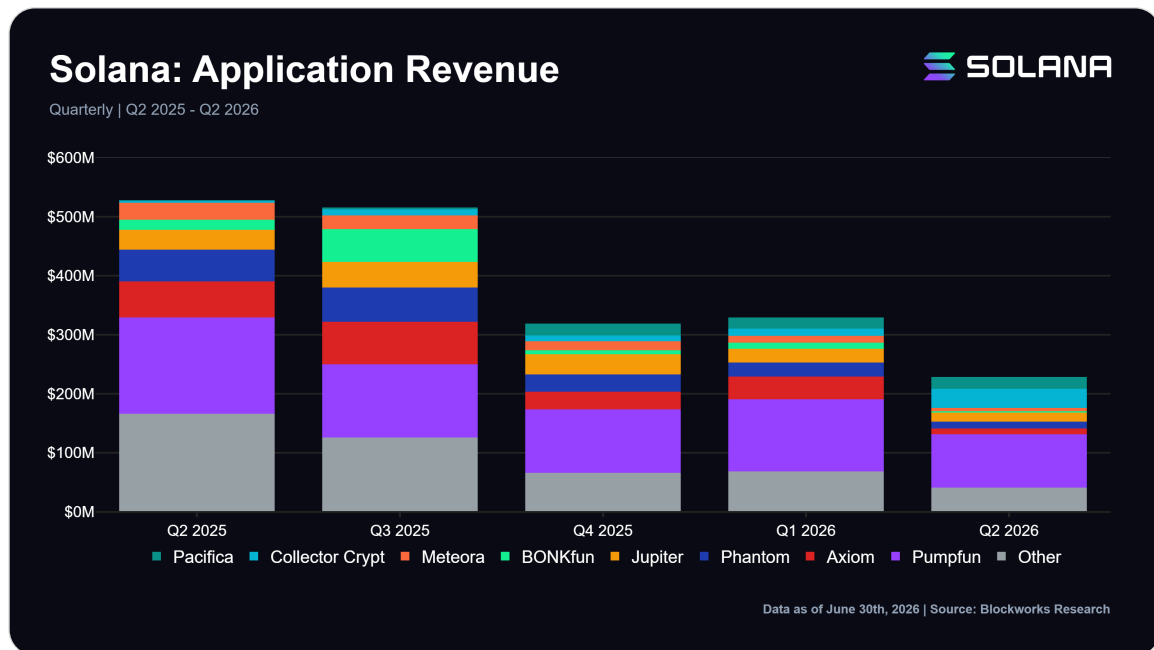
SIMD 550: Doubling SOL's Disinflation Rate. Source: [Blockworks](#)

The staker-economics story remains tied to SIMD-123, which would introduce a standardized in-protocol mechanism for validators to share priority fees with stakers. Eighteen months after SIMD-96 redirected 100% of priority fees to block producers, that distribution mechanism has still not activated on mainnet, though it is now expected alongside Alpenglow. With priority fees at 60% of REV, in-protocol fee sharing is the single largest pending improvement to staker value accrual. Currently, many large stakers, including Helius and Jupiter, share priority fees with stakers through third-party mechanisms. However, these arrangements are validator-specific and harder to track than in-protocol revenue sharing, resulting in most staking revenue analysis omitting priority fees from staker revenue entirely.

Applications Revenue

Application revenue serves as an indicator of success for businesses within an ecosystem. While REV is an important metric to track, the true metric of an ecosystem's product market fit is the revenue generated by user-focused applications.

Solana applications generated \$228.4M in revenue in Q2 2026, down 31% from Q1's \$329.3M and the lowest quarterly total since Q1 2024. The decline tracked the broader cooldown in retail trading activity rather than share loss to other chains.



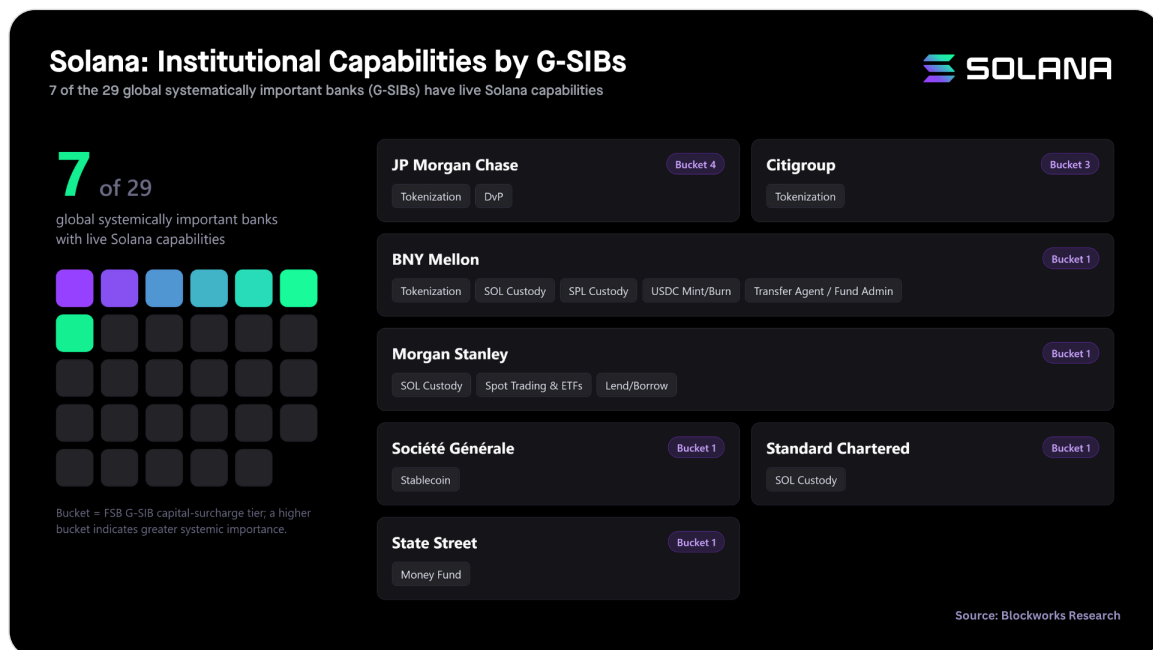
Solana: Application Revenue. Source: [Blockworks](#)

The leading apps by revenue in Q2 were Pumpfun (\$90.1M, 39%), Collector Crypt (\$32.2M, 14%), Pacifica (\$20.0M, 9%), Jupiter (\$15.3M, 7%), and Phantom (\$11.9M, 5%).

SECTION 03

Institutional Flows

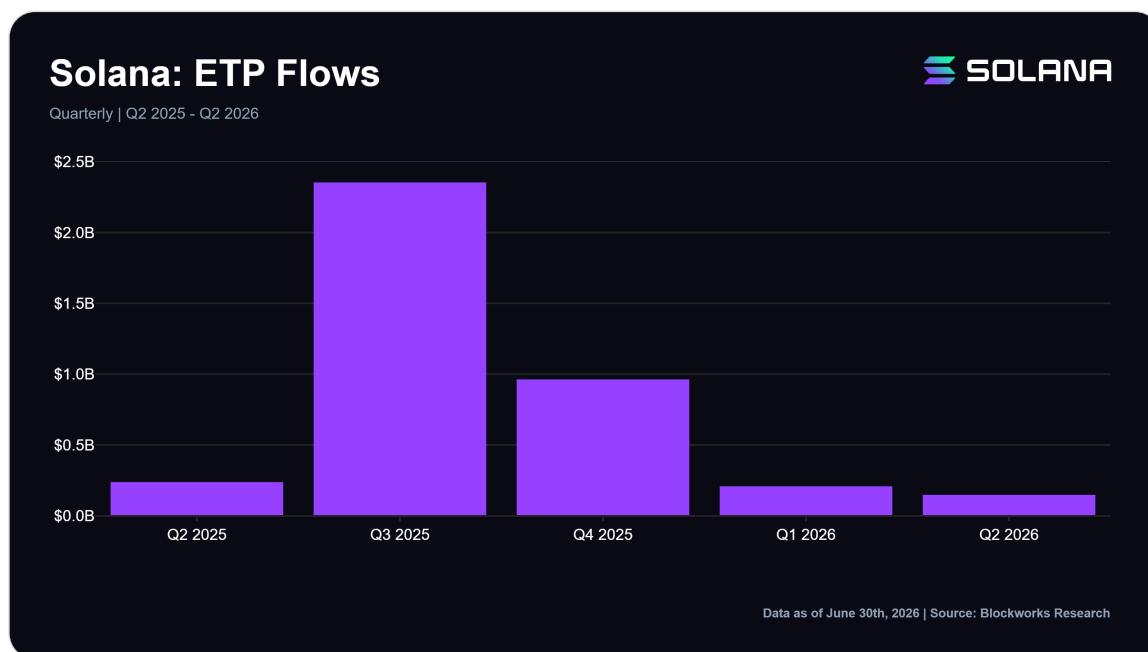
Q2 saw institutional adoption of Solana beginning to reach the traditional banking system. Seven of the 29 global systemically important banks (G-SIBs) have live Solana capabilities, led by JP Morgan Chase and Citigroup, the two most systemically important names on the list by capital-surcharge tier. The deployments span the full service stack rather than a single use case: tokenization and delivery-versus-payment settlement at JP Morgan, SOL and SPL custody alongside USDC mint/burn and fund administration at BNY Mellon, custody, spot trading, ETFs, and lending at Morgan Stanley, stablecoin issuance at Société Générale, and a money-market fund at State Street. The breadth of these deployments, covering custody, issuance, settlement, and distribution, is among the clearest external validations of Solana as institutional settlement infrastructure.



Solana: Institutional Capabilities by G-SIBs. Source: [Blockworks](#)

Exchange-Traded Products (ETPs)

Institutional demand decoupled from price for a third consecutive quarter. SOL spot ETPs recorded \$120M in net inflows in Q2 2026, ahead of Q1's \$113M. Over the same period, BTC spot ETPs saw \$3.7B in outflows and ETH ETPs saw \$500M in outflows. When looking at all SOL ETPs, the quarterly inflow figure comes in at \$148M. While the intra-quarter distribution was uneven, the quarter as a whole extended the pattern of positive net flows through drawdowns that has defined SOL's institutional bid since US spot ETFs began trading in October 2025.



Solana: ETP Flows. Source: [Blockworks](#)

Regionally, the US remained the engine with \$185M in net inflows across SOL ETPs, offset by \$38M of net outflows from Europe with APAC flat, netting to the \$148M all-ETP total. Spot ETP AUM ended the quarter at \$1.9B, down 5% QoQ, as price depreciation outweighed inflows.

Digital Asset Treasury Companies (DATCOs)

SOL DATCO holdings were effectively unchanged for a ninth consecutive month, ending Q2 at 16.8M SOL, down 0.9% QoQ, with aggregate NAV of \$1.2B. Holdings trimmed roughly 150K SOL between April and May as limited secondary liquidity and persistent mNAV discounts continued to constrain the vehicle class. DATCOs remain a stable, passive holder base rather than a source of incremental demand.



Solana: SOL Holdings by DATCOs. Source: [Blockworks](#)

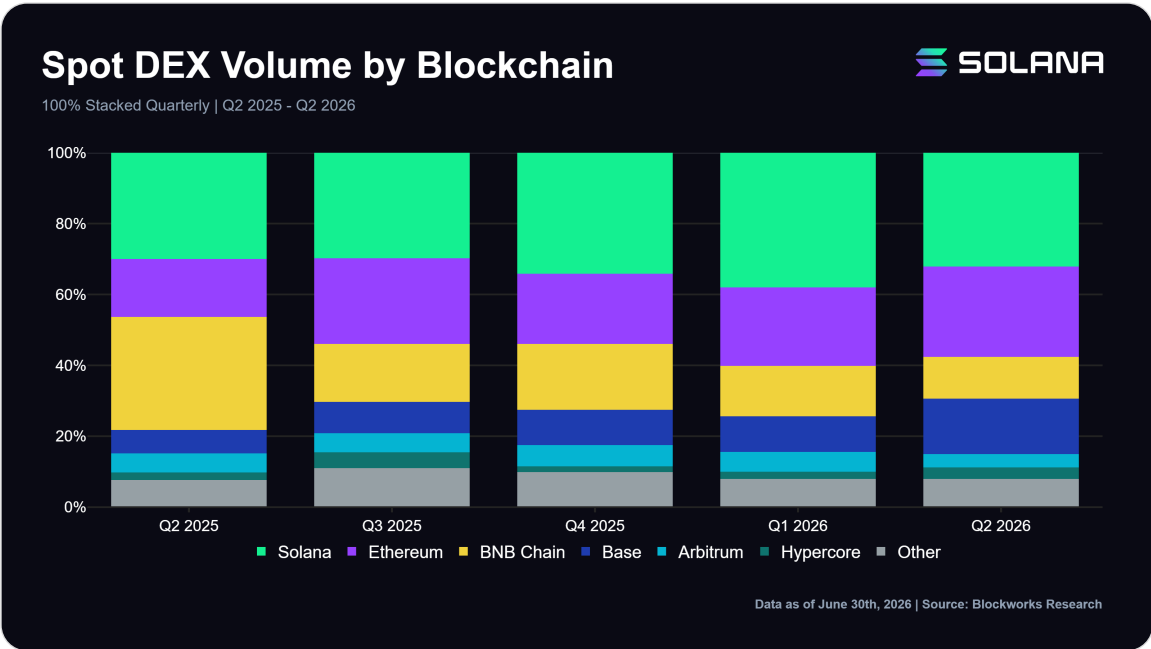
SECTION 04

Sector Analysis

Solana's Q2 confirmed the thesis that the network's trading infrastructure generalizes beyond any single asset class. As memecoin activity cooled, the same rails (prop AMMs, aggregators, low fees, sub-second confirmation) absorbed tokenized equities at record scale. The "everything exchange" is no longer a forward-looking claim; it was the network's primary growth engine in Q2.

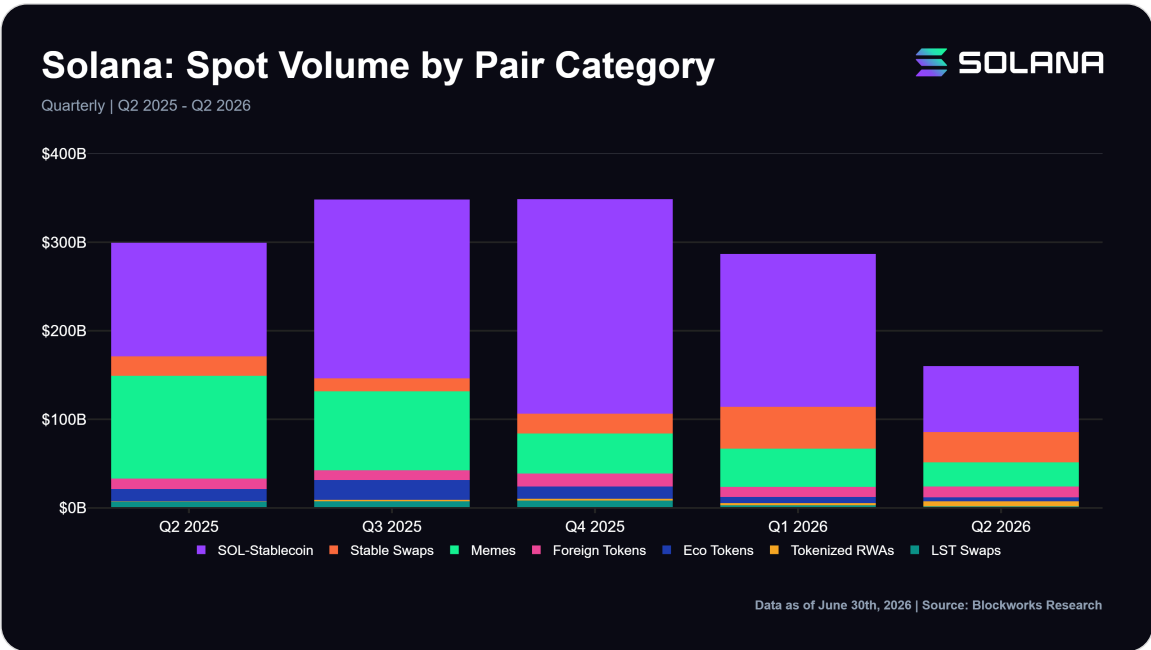
Spot Trading

Solana DEX spot volumes totaled \$160.8B in Q2 2026, down 44% from Q1's \$288.5B. Nonetheless, Solana handled the most spot volume across networks in Q2, representing 32% of volume, ahead of Ethereum (25%), Base (16%), and BNB Chain (12%). This marks the eighth quarter in a row where Solana accounted for over 30% of spot DEX volume.



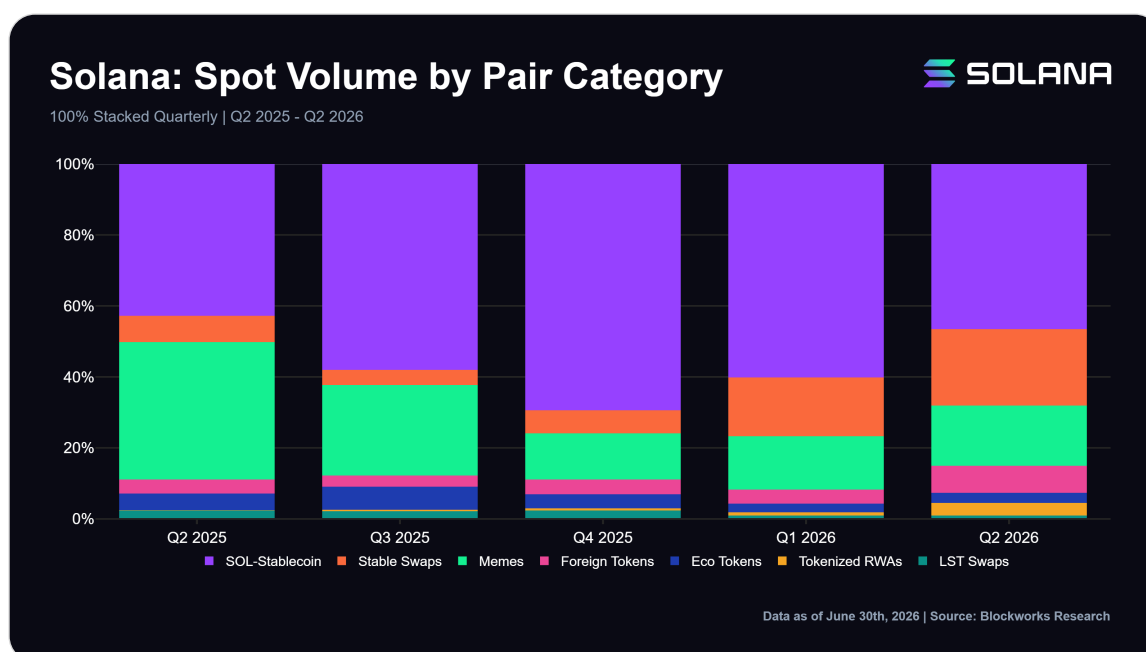
Spot DEX Volume by Blockchain. Source: [Blockworks](#)

The monthly path tells a more constructive story than the quarterly total: volumes fell from \$52.3B in April to \$48.0B in May, then rebounded 26% to \$60.5B in June, the strongest month of the quarter, as tokenized-asset activity accelerated sharply.



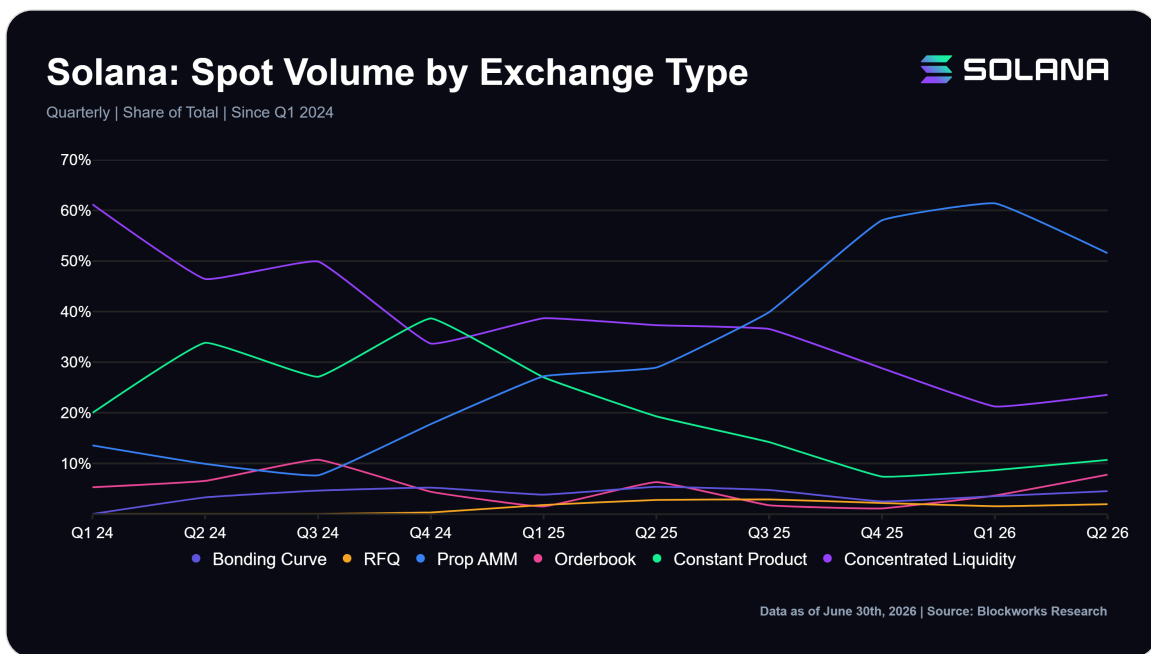
Solana: Spot Volume by Pair Category. Source: [Blockworks](#)

SOL-stablecoin pairs remained the anchor at roughly 46% of volume, while the fastest growth came from the newest categories: stablecoin swaps climbed from roughly 17% of volume in Q1 to 21% in Q2, foreign tokens nearly doubled their share to 8%, and tokenized assets quadrupled theirs to almost 4%. Memecoins held near 17%, a steady contributor within a market that is trading an increasingly diverse set of assets. Venue structure kept evolving as well: BisonFi led prop AMMs with roughly 17% of Q2 volume, and Pumpfun's integrated AMM continued gaining share, representing 13% of volume in Q2.



Solana: Spot Volume by Pair Category. Source: [Blockworks](#)

DEXs on Solana remain a prop AMM story. Prop AMMs are spot exchanges with actively managed liquidity via oracle updates. Each prop AMM is operated by an individual market maker (no external LPs), who uses highly optimized transactions to update the oracle price, enabling quotes to be adjusted multiple times per second. With close to twenty prop AMMs live on Solana, their share of spot DEX volume sat at 53% in Q2 2026, up from 30% in Q2 2025.



Solana: Spot Volume by Exchange Type. Source: [Blockworks](#)

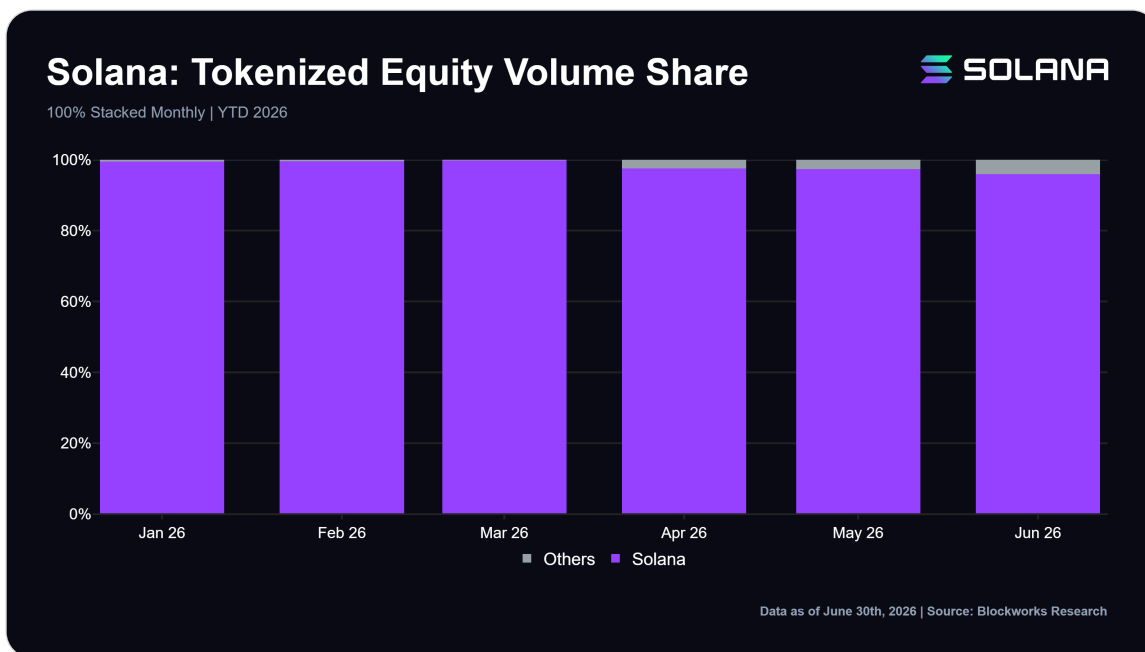
Tokenized Assets

Tokenized assets were the standout of Q2 2026, and arguably of Solana's year so far. DEX volume in tokenized assets reached \$5.8B, up 114% QoQ and a new all-time high for a sixth consecutive quarter.



Solana: Tokenized Asset Volume by Category. Source: [Blockworks](#)

The vast majority of this activity came from tokenized equities, which accounted for 84% of volume. Solana now processes approximately 97% of tokenized-equity volume across chains, making this vertical the clearest expression of durable, non-speculative demand on the network.



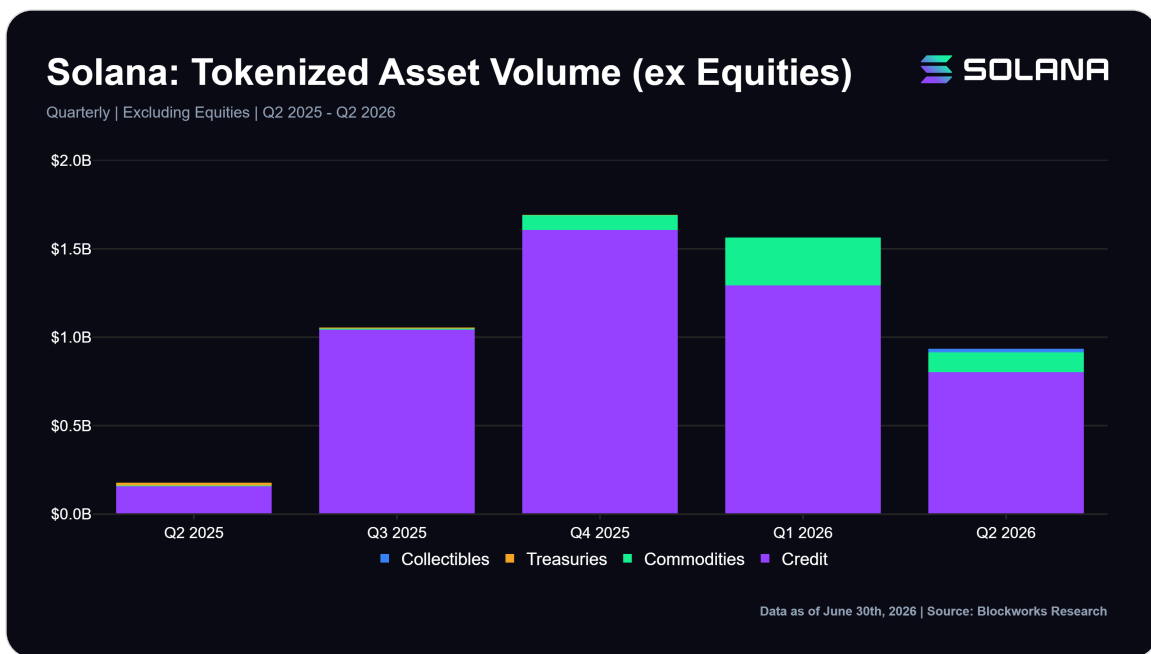
Solana: Tokenized Equity Volume Share. Source: [Blockworks](#)

Tokenized equities saw \$4.8B in Q2 volume, roughly a fourfold increase from \$1.1B in Q1. This growth is even more significant intraquarter, with \$670M in April, \$871M in May, and \$3.3B in June alone.

June's figure marked an all-time high for the category and was catalyzed by the June 12 public listing of SpaceX, the largest IPO in history. Measured across the broader tokenized-asset segment, which includes instruments beyond listed equities, monthly volume reached approximately \$3.6B, a 222% increase month-over-month. Tokenized SPCX, issued through Sunrise and distributed via Backpack, accounted for roughly \$770M of that total. Issuers have since expanded tokenized-equity coverage to additional names, including Micron, SanDisk, and the Roundhill Memory ETF (DRAM). Together with SPCX, these four instruments contributed over \$1B in June volume.

Prop AMMs began quoting tokenized assets during the quarter and now represent an estimated 50% of tokenized-asset volume. Because these tokenized equities are redeemable one-for-one against the underlying shares, integrating venues may encounter lower operational friction when providing liquidity, which could support tighter arbitrage and greater confidence in quoting. This remains a plausible and currently unconfirmed driver of prop-AMM participation, and it warrants monitoring as coverage broadens.

Beyond equities, tokenized private credit contributed \$803M (14% of volume), with commodities at \$111M and collectibles, a new category led by Collector Crypt's trading-card market, at \$20M.



Solana: Tokenized Asset Volume (ex Equities). Source: [Blockworks](#)

Foreign L1 Tokens

Foreign L1 tokens continued to scale as a category, reaching an all-time high 8% of DEX volume in Q2 at \$12.2B, with BTC and HYPE contributing over \$9B alone. May also marked the first month in which HYPE volumes surpassed ETH volumes on Solana, a signal that listing velocity, not legacy asset hierarchies, is shaping what trades on the network.



Solana: Foreign L1 Spot Volume by Subsector. Source: [Blockworks](#)

Perpetual Futures

Perps remained Solana's most challenging vertical in Q2. Drift's April 1 exploit, a social-engineering attack on its multisig that affected roughly half of the protocol's TVL, set the tone for the quarter. The recovery response was substantive: Drift announced a relaunch backed by close to \$150M in partnership with Tether and others, with a recovery pool and token mechanism directing protocol revenue toward reimbursement and USDT as the new quote asset.

Nonetheless, Solana-based perpetual futures platforms processed roughly \$183B in notional volume in Q2 2026, a 60% QoQ increase. GMTrade accounted for 50% of total perps volume in Q2, with Pacifica representing 39% and Jupiter falling to 10% of total volume.



Solana: Perps Notional Volume. Source: [Blockworks](#)

Phoenix, built by Ellipsis Labs, remains the most credible attempt to close the perps gap on Solana in a fully onchain form. Its design addresses toxic flow at the compute layer by allowing market makers to quote much more cheaply than taker orders. While still nascent, Phoenix processed \$777M in notional volume in Q2.

The forward-looking development came from Jito: JTX, announced May 5, is a trading frontend for spot and eventually perps built on Phoenix, with 80% of JTX fees directed to JTO value accrual. Between Phoenix's compute-layer approach to toxic flow and JitoBAM's growing share of stake, the infrastructure investments targeting the perps gap are compounding, but closing it remains a 2026 execution story rather than a delivered result.

Lending

As of Q2 end, total deposits and outstanding loans across Solana's two largest money markets, Kamino and Jup Lend, stood at \$4.1B and \$1.6B, respectively. Deposits declined 8.3% QoQ, while outstanding loans fell 7.9%, reflecting continued weak demand for onchain leverage across crypto markets.



Solana: Lending Deposits and Loans. Source: [Blockworks](#)

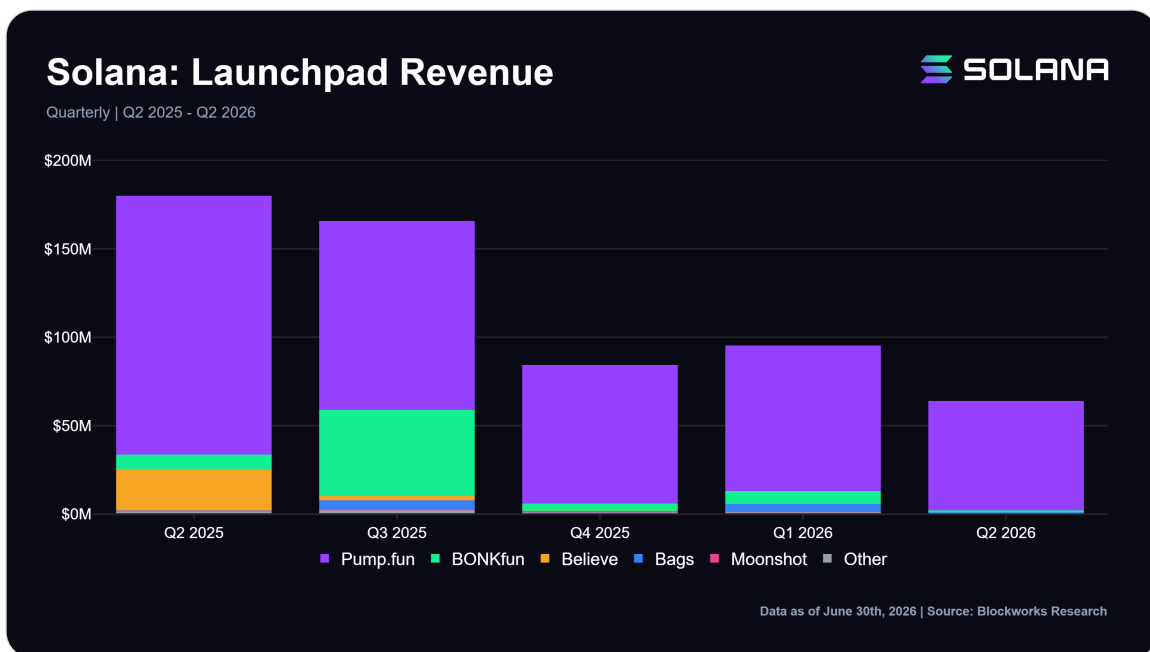
While RWA lending emerged as a key area of growth in Q1 2026, led by Kamino's Figure PRIME (HELOC lending) and OnRe (reinsurance) markets, they experienced a sharp pullback in Q2. RWA lending deposits on Solana fell from \$1.23B in Q1 to \$0.64B in Q2, a 48% QoQ pullback.

The structural bright spot within lending was stablecoin-adjacent: Jupiter Lend's mid-May integration of Ethena's USDe, launched with a vault managed by Bitwise, took USDe on Solana from virtually zero to over \$500M in supply within the month. Kamino launched an Ethena market of its own, which has grown to over \$500M in deposits and now ranks as the second-largest market on the platform. In a quarter when lending balances declined, yield-bearing stablecoin markets were the clearest source of new capital, drawn onto the network rather than recycled from existing crypto collateral.

Consumer

— Token Launchpads

Launchpad volume totaled \$25.8B in Q2 2026, down 33% from Q1's \$38.3B, while token creation held up better at 2.6M tokens launched, down 7% QoQ. In Q2 2026, launchpads on Solana generated \$63.9M in revenue, down from \$95.2M in Q1, with Pumpfun accounting for 97% of the total.



Solana: Launchpad Revenue. Source: [Blockworks](#)

While the category’s product-market fit with retail users is not in question, its cyclical and concentration are. Pumpfun’s share of both launchpad revenue and total application revenue reached new highs this quarter precisely because the rest of the market shrank faster.

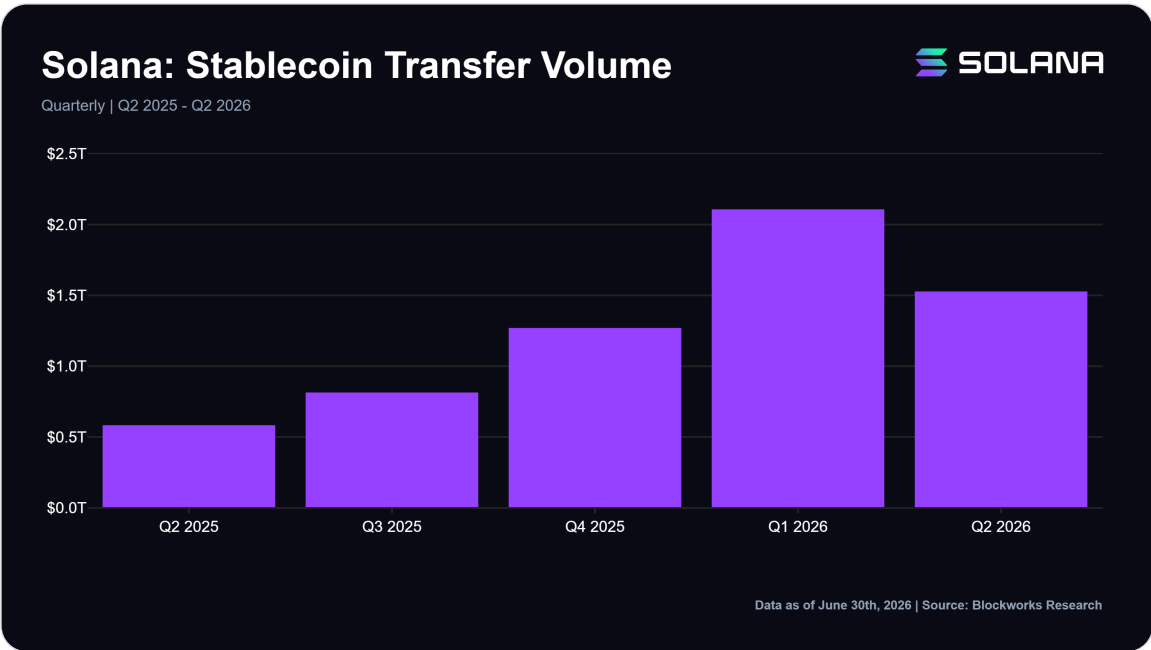
Stablecoins

Total stablecoin supply on Solana ended Q2 2026 at \$16.3B, up 2% QoQ. Supply has held essentially flat through four consecutive quarters of declining activity. Stablecoin composition kept diversifying, with USDC’s share declining from 55% in Q1 to 47% in Q2, while USDT grew market share slightly from 22% in Q1 to 24% in Q2.



Solana: Stablecoin Total Supply. Source: [Blockworks](#)

Solana stablecoin transfer volume reached \$1.5T in Q2 2026, representing a 29% decrease in volume QoQ. Notably, this figure is filtered to exclude flash loan activity and other forms of inorganic volume.



Solana: Stablecoin Transfer Volume. Source: [Blockworks](#)

— Payments

Q2 2026 was a breakout quarter for Solana's payments vertical, marked by a wave of traditional finance and enterprise adoption. Major banks and fintechs leaned in heavily to Solana with SoFi announcing its "Big Business Banking" product and launching a stablecoin on the chain. SBI-backed B2C2, Singapore Gulf Bank, Shinhan Card, and South Korea's Toss Bank all moved institutional stablecoin or settlement infrastructure onto Solana.

Payment giants followed suit with Mastercard adding Solana-based stablecoin settlement to its global card network and unveiled a protocol for AI agents to make micropayments. Western Union launched USDPT, a stablecoin on Solana, and Moneygram entered the validator space with their own validator. On the cross-border and payroll front, Deel rolled out stablecoin salary payouts and Y Combinator settled its first fully stablecoin funded round in USDC on Solana.

The quarter's biggest new frontier was agentic commerce: Google Cloud and the Solana Foundation launched Pay.sh, a pay-as-you-go stablecoin payment rail for AI agents, and AWS introduced a stablecoin system for monetizing AI traffic. Meta quietly began testing stablecoin payments, and Open Standard unveiled OUSD, a new stablecoin for the internet economy backed by BlackRock and Google, with Solana as part of its rollout. Lastly, the World Series of Poker added Solana-based payments for tournament buy-ins, highlighting the broad range of use cases that stablecoin rails on Solana can facilitate.

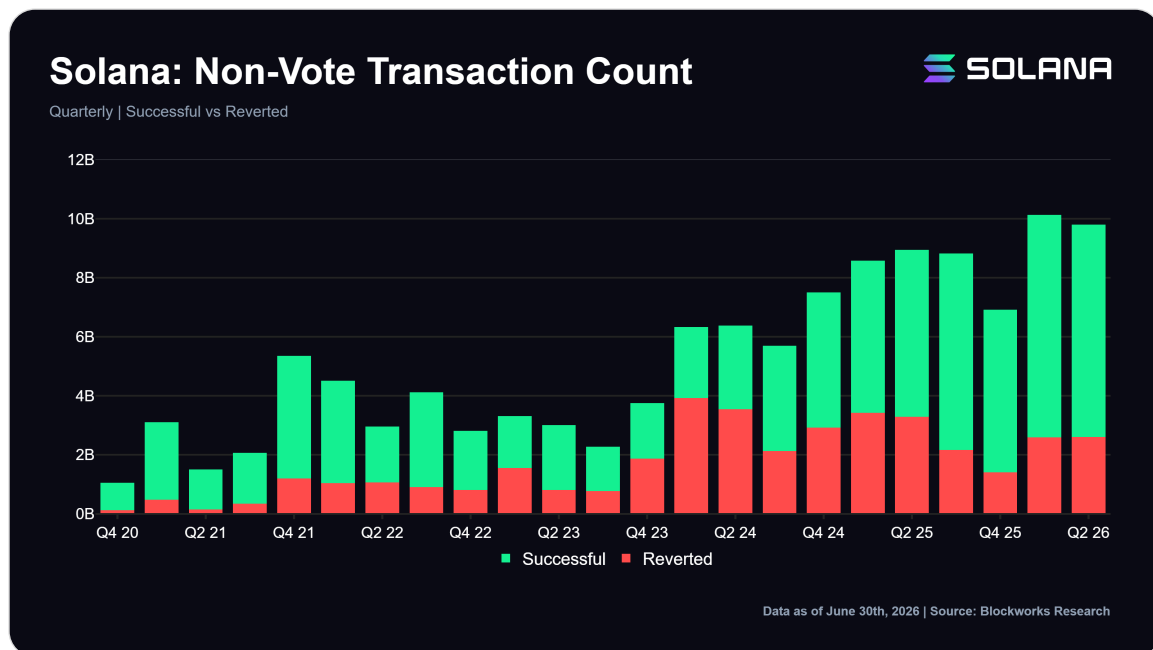
Looking forward, stablecoin transfer volumes on Solana are expected to continue its steady growth, propelled by increased adoption of the network as the backend for payments.

SECTION 05

Network Analysis

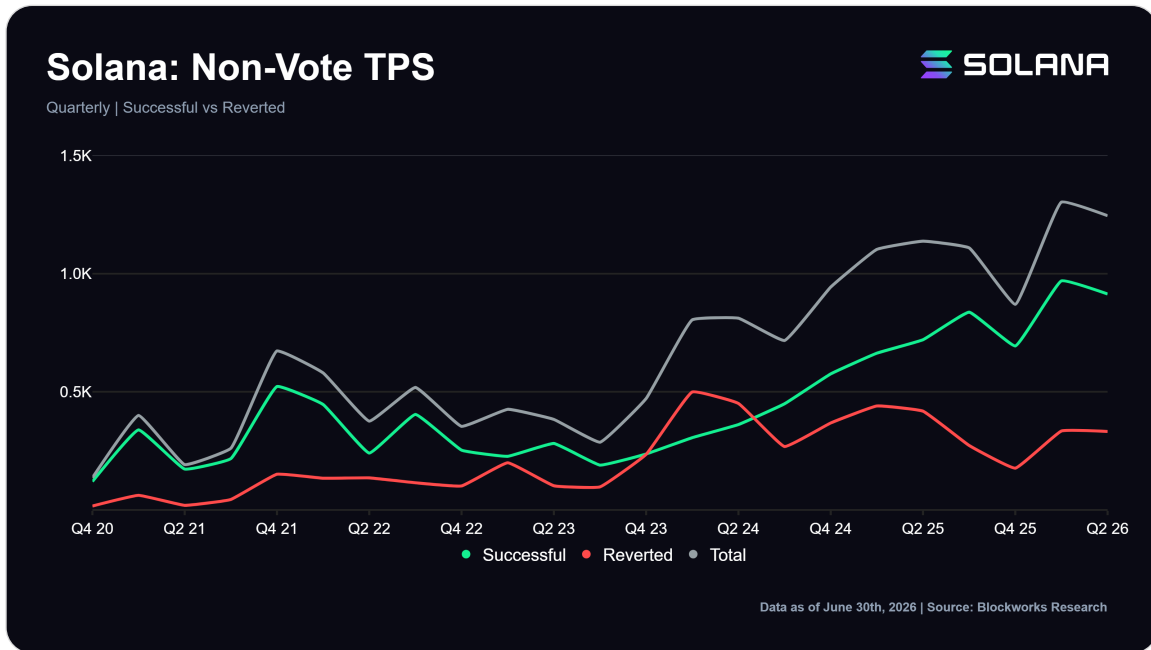
Transaction Count and TPS

Solana processed 9.8B non-vote transactions in Q2 2026, down 3% from Q1's all-time-high 10.1B and the second-highest quarterly count on record. Of the 9.8B transactions, 73% were successful and 27% were reverted. Reverted transactions are most often associated with automated strategies such as arbitrage bots. As such, they are often a feature, rather than a bug, where slippage conditions may have worsened or fallen outside set limits, resulting in reverted transactions.



Solana: Non-Vote Transaction Count. Source: [Blockworks](#)

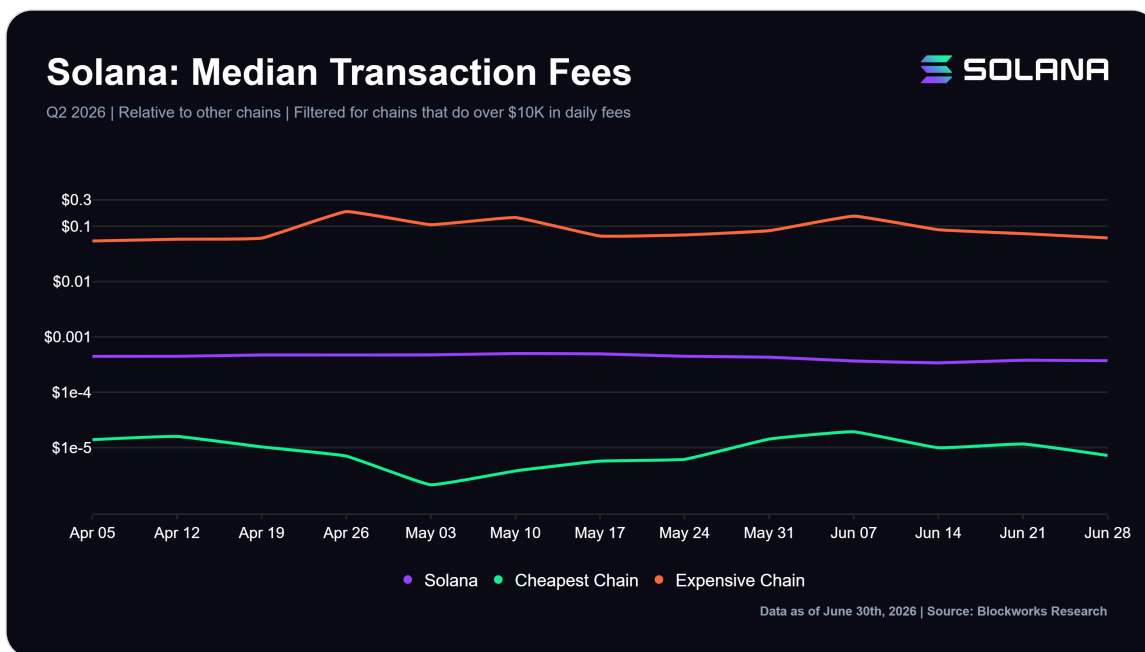
Non-vote transactions per second (TPS) averaged near 1.25K in Q2. Daily active addresses averaged 2.0M, down from 2.4M in Q1, consistent with the retail cooldown visible in application revenue. The network is processing nearly as many transactions from a smaller, more sophisticated user base.



Solana: Non-Vote TPS. Source: [Blockworks](#)

Median Transaction Fees

Median transaction fees averaged \$0.0004 in Q2 2026 and never exceeded \$0.0005 on any day of the quarter, ensuring stability. Fee stability at this level is not simply a cost advantage; it is the property that makes high-frequency market making, prop AMM quote updates, and consumer applications economically viable on shared infrastructure.



Solana: Median Transaction Fees. Source: [Blockworks](#)

Validators and Decentralization

Solana's validator count declined this quarter as the Foundation wound down delegation subsidies, but node count is the least informative measure of decentralization. Control of a network is determined by who holds stake, who routes delegation, what software validators run, and where they operate. Measured on those dimensions, Solana is comparable to Ethereum, and on several it is stronger: meaningfully more independent entities would need to coordinate to halt finality than on Ethereum, roughly 80% of SOL is self-directed by holders rather than routed through intermediaries, stake is geographically well distributed, and validators run a genuinely diverse set of clients.

The resilience record supports the same conclusion with Solana having previously absorbed the sudden loss of roughly a fifth of its stake without interruption. Alpenglow will raise the network's tolerance for offline stake to 40%, further hardening consensus against concentration risk.

SECTION 06

Product & Ecosystem Updates

The Q2 roadmap converged on a single destination: Alpenglow. Core development in the quarter was dominated by shipping its prerequisites while the economic layer moved to the center of governance debate.

Agave v4.0

Agave v4.0, the first major release since v3.1, was recommended for mainnet validators in May with feature activations beginning late in the month. The release carries prerequisites for several Alpenglow features and restructures block replay, cutting replay thread usage per block roughly 3x, from ~130ms to ~50ms.

P-Tokens (SIMD-266)

The p-token standard went live in mid-May, replacing the SPL Token program with a compute-optimized implementation that delivers roughly 95% reductions in CU consumption for standard transfers, compressing the token program's share of block-wide compute from around 25% toward the low single digits. The rollout also demonstrated the maturing security process: Asymmetric Research disclosed a critical bug in the implementation ahead of mainnet impact, and Anza patched it promptly with dedicated ownership checks.

Slot-Time Reduction (SIMD-525)

SIMD-525, which formalizes halving slot times from 400ms to 200ms, was merged in late May. The reduction is staged (400ms to 350ms, 300ms, 250ms, then 200ms, with one-epoch delays between increments), and implementation is targeted for Agave v4.2 around August, bundled alongside Alpenglow and rent reduction.

Alpenglow

Alpenglow, Solana's largest protocol upgrade to date, is targeted for Agave v4.2 around August. The upgrade replaces Tower BFT and Proof of History with a consensus design that brings 150ms confirmation times (roughly a 100x improvement in finality), removes onchain vote transactions (eliminating the dominant recurring validator cost), introduces a 1.6 SOL Validator Admission Ticket per epoch, and raises tolerance for offline stake to 40%. For applications, sub-second finality closes most of the remaining user-experience gap with centralized venues; for validators, removing vote costs restructures the economics of running smaller operations.

Post-Quantum Preparedness

On April 27, Anza and the Firedancer team each released independent reports on Solana's post-quantum migration paths, prompted by research that materially reduced estimated resources needed to break 256-bit elliptic-curve cryptography. Anza places the probability of a cryptographically relevant quantum computer within five years at 3% to 5%, and both teams have published initial implementations of compact post-quantum signatures.

SECTION 07

Closing Summary & Outlook

Solana's most important Q2 2026 results came against the tape. With asset prices depressed across the board, tokenized-asset volume more than doubled to a record \$5.8B, led by tokenized equities up more than fourfold to \$4.8B, with June alone contributing \$3.3B. Spot ETPs absorbed \$120M in net new capital, ahead of Q1's total despite the drawdown. DEX volumes rebounded 26% in June, driven by tokenized assets rather than memecoins. Demand that grows through a falling market is the durable kind, and Q2 produced more evidence of it than any quarter to date.

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The cyclical half of the story continued to reset: REV fell 43%, application revenue fell 31%, and quarterly DEX volumes declined 44% as the memecoin era's excesses continued to drain out of the system. The distinction between the two halves matters for how the next several quarters should be read. Revenue tied to speculative velocity is repricing; demand tied to settlement (stablecoins, tokenized equities, institutional wrappers) is growing through the same conditions, and June's tokenization-led rebound is an early data point that the durable leg can become the growth leg.

The catalyst path forward is unusually concrete and sets the stage for growth to continue. Alpenglow is expected as soon as Q3, bringing 150ms confirmations, the removal of vote costs, and higher offline-stake tolerance, with staged slot-time reductions and larger blocks behind it. SIMD-123 would give stakers an in-protocol claim on the priority fees that now make up 60% of REV, and the burn and issuance proposals under debate would tighten the link between network usage and token-holder value.

SECTION 08

Appendix

What is Solana?

Solana is a high-performance layer-1 blockchain designed to support internet-scale applications on a single, globally synchronized state machine. Unlike chains that scale through fragmentation — rollups, sidechains, or app-specific chains — Solana pursues an integrated architecture where all applications share the same execution environment, liquidity, and settlement guarantees.

SOL, the network's native token, is used to pay for transactions, stake with validators, and participate in governance through the SIMD process. The ecosystem spans DeFi, consumer applications, stablecoins and payments, tokenized real-world assets, and DePIN.

Core Infrastructure

Slot / Slot Time A slot is the time window during which a designated validator (the leader) can produce a block on Solana. Current slot times are approximately 400 milliseconds.

Compute Units (CUs) Solana's unit of measurement for the computational resources consumed by a transaction. Every instruction in a transaction costs a certain number of CUs, and each block has a total CU budget.

Staking & Consensus

Validator A network participant that runs specialized hardware to process transactions, produce blocks, and participate in consensus on Solana. Validators stake SOL as collateral and earn rewards from inflation, priority fees, and Jito tips.

Staking The process of locking SOL tokens with a validator to help secure the Solana network. Stakers delegate their SOL to validators and earn a share of inflation rewards and, in some cases, tips.

Inflation / Emission Schedule The rate at which new SOL tokens are minted and distributed to stakers. Solana follows a fixed deflationary schedule: inflation began at 8% and decreases by 15% per year.

Liquid Staking Token (LST) A token that represents staked SOL while remaining liquid and tradable. When a user stakes SOL through a liquid staking provider, they receive an LST (e.g., hSOL from Helius, JupSOL from Jupiter) that accrues staking rewards and can simultaneously be used in DeFi — as collateral, in liquidity pools, or for trading.

Fees & Revenue

Real Economic Value (REV) A metric that measures total user demand to transact on a blockchain by tracking all value paid for transaction execution. On Solana, REV is composed of three components: base fees, priority fees, and Jito tips.

Base Fee The minimum fixed fee required for every Solana transaction, denominated in SOL. Base fees are currently subject to a 50% burn (permanently removed from supply) with the remaining 50% going to the block producer. They represent the cheapest tier of transaction inclusion.

Priority Fee An optional additional fee that users can attach to transactions to increase the likelihood of faster processing by incentivizing validators to prioritize their transaction. Since SIMD-96 (February 2025), 100% of priority fees go to the block producer (previously 50% were burned).

Jito Tips Out-of-protocol payments made to validators through Jito, a third-party MEV (Maximal Extractable Value) infrastructure provider on Solana. Jito tips are paid by searchers and traders who want specific transaction ordering or inclusion guarantees.

Trading

DEX (Decentralized Exchange) A peer-to-peer marketplace for trading tokens that operates entirely on-chain via smart contracts, without a central intermediary holding funds.

AMM (Automated Market Maker) A type of DEX mechanism that uses mathematical formulas and liquidity pools (rather than order books) to determine token prices and facilitate trades. Traditional AMMs allow anyone to deposit tokens into pools and earn fees from trades.

Prop AMM (Proprietary AMM) A specialized type of spot exchange on Solana with actively managed liquidity via oracle price updates. Unlike traditional AMMs with passive external liquidity providers, each prop AMM is operated by a single, professional market maker who uses highly optimized transactions to update the oracle price multiple times per second.

Liquidity / Liquidity Provider (LP) Liquidity refers to the depth of available buy and sell orders for a given asset — higher liquidity means traders can execute larger orders with less price impact. A Liquidity Provider (LP) is someone who deposits tokens into a DEX pool to facilitate trading, earning a share of trading fees in return. In prop AMMs, the market maker acts as the sole LP.

Price Impact / Slippage Price impact is the change in an asset's price caused by executing a trade — larger trades in less liquid markets cause greater price impact. Slippage is the difference between the expected price of a trade and the actual execution price.

Perpetual Futures (Perps) A type of derivatives contract that allows traders to speculate on the price of an asset with leverage, without an expiration date. Unlike traditional futures, perps use a funding rate mechanism to keep the contract price aligned with the spot price.

MEV & Market Microstructure

MEV (Maximal Extractable Value) The maximum value that can be extracted from block production beyond standard block rewards and fees, by including, excluding, or reordering transactions within a block. MEV strategies include frontrunning, sandwich attacks, and arbitrage.

Late Packing A behavior where a block-producing validator deliberately delays finalizing a block to observe more incoming transactions and potentially extract additional MEV.

JitoBAM A Jito product that enables developers to gain more granular control over transaction sequencing and inclusion.

Upgrades & Governance

SIMD (Solana Improvement Document) The formal process for proposing changes and upgrades to the Solana protocol.

Agave The Solana validator client developed and maintained by Anza (formerly a division of Solana Labs).

Anza A core development organization focused on Solana infrastructure, responsible for the Agave validator client and key protocol research.

Alpenglow A major upcoming protocol upgrade for Solana referenced in the report as part of the longer-term roadmap.

Consumer & Applications

Token Launchpad / Bonding Curve A launchpad is a platform that facilitates the creation and initial trading of new tokens. A bonding curve is the specific pricing mechanism used: a mathematical formula that automatically adjusts the token's price based on supply — the more tokens purchased, the higher the price. This creates instant liquidity for new tokens without requiring a traditional order book.

DePIN (Decentralized Physical Infrastructure Network) A category of crypto projects that use token incentives to build and operate real-world physical infrastructure in a decentralized manner.

dApp (Decentralized Application) An application that runs on a blockchain rather than centralized servers. dApps use smart contracts to execute logic in a permissionless, transparent way.

DeFi Mechanisms

Flash Loan An uncollateralized loan that must be borrowed and repaid within a single transaction. If the borrower cannot repay, the entire transaction reverts as if it never happened.

Funding Rate A periodic payment exchanged between long and short position holders in perpetual futures markets, designed to keep the perps price aligned with the spot price. When the funding rate is positive, longs pay shorts; when negative, shorts pay longs.

APPENDIX

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