



EQUITY RESEARCH

UPDATED

08/23/2025

Gemini

TEAM

Jan-Erik Asplund
Co-Founder
jan@sacra.com

Marcelo Ballve
Head of Research
marcelo@sacra.com

DISCLAIMERS

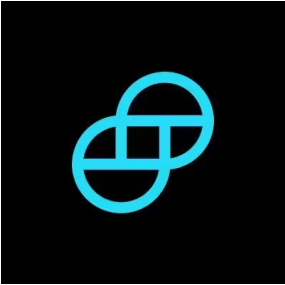
This report is for information purposes only and is not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal trade recommendation to you.

This research report has been prepared solely by Sacra and should not be considered a product of any person or entity that makes such report available, if any.

Information and opinions presented in the sections of the report were obtained or derived from sources Sacra believes are reliable, but Sacra makes no representation as to their accuracy or completeness. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a determination at its original date of publication by Sacra and are subject to change without notice.

Sacra accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to Sacra. Sacra may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect different assumptions, views and analytical methods of the analysts who prepared them and Sacra is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

All rights reserved. All material presented in this report, unless specifically indicated otherwise is under copyright to Sacra. Sacra reserves any and all intellectual property rights in the report. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of Sacra. Any modification, copying, displaying, distributing, transmitting, publishing, licensing, creating derivative works from, or selling any report is strictly prohibited. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of Sacra. Any unauthorized duplication, redistribution or disclosure of this report will result in prosecution.



Gemini

Cryptocurrency exchange and custodian for individual investors and institutional clients

#web3 #crypto #crypto-exchange

[Visit Website](#)

Details

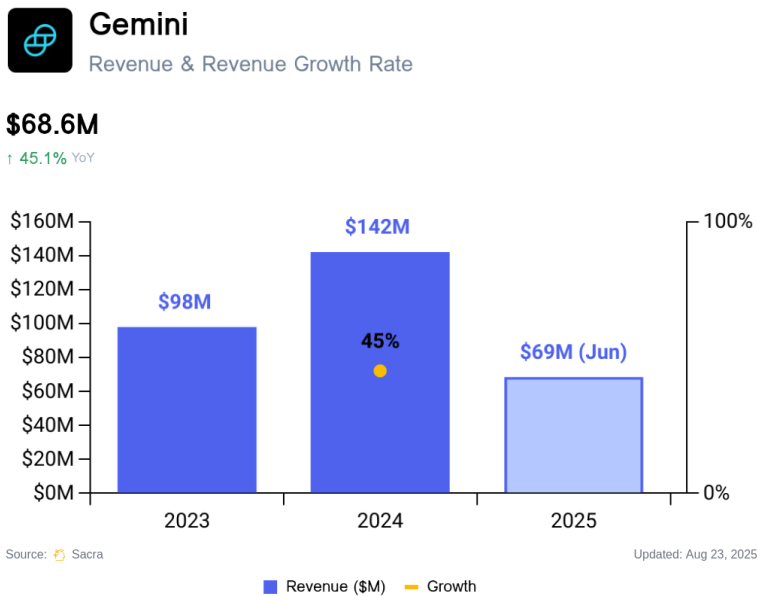
HEADQUARTERS

New York, NY

CEO

REVENUE	FUNDING
\$68,611,000	\$423,900,000
<u>2025</u>	<u>2021</u>

Revenue



Sacra estimates that Gemini generated \$68.6M in revenue in H1 2025, an 8% YoY decline, as institutional volume increased 60% to \$21.5B while retail volume remained flat at \$3.3B. This revenue contraction, despite significant volume growth, reflects Gemini's shift toward institutional clients, who pay substantially lower fees—2-3 basis points compared to retail's 100-130 basis points.

Transaction fees account for 65.5% of Gemini's revenue, with institutional trading now comprising 87% of total volume, up from approximately 80% in H1 2024. The company's blended take rate decreased from 0.31% to 0.18%, driven by the dominance of high-volume, low-margin institutional activity on the platform.

In addition to trading, Gemini derives revenue from credit card interchange fees (12.6% of revenue), staking services where it retains 15% of rewards (8.4% of revenue), qualified custody services at 40 basis points annually (5.4% of revenue), and interest income on customer USD deposits and GUSD reserves (7.7% of revenue). The credit card has attracted 58,000 users earning 3% crypto rewards, while the platform supports 523,000 monthly transacting accounts across all products.

Valuation

Gemini raised \$400 million in November 2021 at a \$7.1 billion valuation, representing the company's first external funding round after seven years of self-funded operations. Morgan Creek Digital led the Series A round, with participation from 10T Holdings, ParaFi Capital, Newflow Partners, Marcy Venture Partners, and Commonwealth Bank of Australia.

The round included investors from traditional finance and entertainment sectors, such as United Talent Agency, Jane Street, Pantera, VanEck, and BoostVC. Gemini has filed for an IPO amid increased activity in the crypto industry's public market entries, following Circle's NYSE listing at a \$13 billion valuation and Bullish's \$13.2 billion public debut.

Product

Gemini is a regulated crypto exchange and custody platform operating as a New York limited liability trust company, granting it the same charter as traditional banks. The platform serves three distinct user groups through tailored interfaces: retail traders use a simplified buy-sell screen with embedded spreads of approximately 0.5%, active traders access ActiveTrader with order books and maker-taker pricing, and institutions utilize qualified custody services with air-gapped storage and same-day audits.

For retail users, Gemini functions similarly to Coinbase, allowing customers to link bank accounts, choose from over 120 supported cryptocurrencies, and execute trades instantly at quoted prices. The ActiveTrader interface offers depth charts, multiple order types, and professional-grade tools designed for traders seeking to avoid retail spread markups.

Gemini's institutional services focus on qualified custody, where client assets are stored in hardware security modules across dispersed vaults with insurance coverage of up to \$125 million. The Instant Trade feature enables institutions to borrow assets from cold storage for immediate trading without breaking custody, addressing a key challenge for large players requiring both security and liquidity.

The company recently introduced a self-custody smart wallet that employs passkey authentication instead of seed phrases, with social recovery contacts replacing paper backups. Gemini covers gas fees on Layer 2 networks and provides ENS subdomains to all users, with plans to integrate the wallet directly with exchange balances to streamline on-chain and centralized trading.

Gemini Dollar (GUSD) functions as the platform's regulated stablecoin, backed by the New York trust charter and designed for institutional settlement. The company also operates Gemini Foundation, an offshore derivatives venue offering perpetual futures with up to 20x leverage for non-US users.

Business Model

Gemini operates as a vertically integrated financial services platform that generates revenue through transaction fees, custody services, and yield on customer deposits. Retail traders incur fees of 100-130 basis points via embedded spreads, while institutional clients pay 2-3 basis points, reflecting a bifurcated pricing model that emphasizes volume over margins for larger accounts.

The custody business earns recurring revenue at 40 basis points annually on assets under management. Gemini's qualified custodian status enables it to serve ETF issuers, hedge funds, and corporate treasuries requiring segregated asset storage. This structure encourages trading clients to adopt custody services, creating a predictable revenue stream less dependent on trading volume fluctuations.

Gemini's stablecoin, GUSD, generates treasury yield on reserves, while its credit card business collects interchange fees from the payments ecosystem. Additionally, the company retains 15% of staking rewards, positioning itself as a comprehensive crypto financial services provider rather than solely an exchange.

The trust company structure distinguishes Gemini from traditional exchanges by mandating bank-like compliance, segregated customer assets, and regulatory oversight, which appeals to risk-averse institutions. However, this model results in higher operational costs and regulatory obligations compared to offshore competitors that operate with fewer restrictions and lower fees.

Competition

Vertically integrated platforms

Coinbase holds a dominant position in the US institutional market, managing over \$120B in custody assets and serving more than 10M monthly users. In H1 2025, it generated \$3.5B in revenue through its integrated offerings, which include an exchange, custody services, staking, and the Layer 2 Base network. Its public listing enhances regulatory credibility, while its scale supports lower fees and superior liquidity compared to Gemini's more segmented approach.

Binance accounts for 40% of global spot market share through its vertically integrated ecosystem, which includes the BNB blockchain, launchpad, NFT marketplace, and payment infrastructure. Despite ongoing regulatory scrutiny, Binance's 0-0.1% fees and 125x derivatives leverage attract price-sensitive traders who perceive Gemini as a higher-cost, compliance-focused alternative.

Regulation-first exchanges

Kraken competes with Gemini in the institutional segment, leveraging its Wyoming bank charter and EU e-money licenses. It offers lower fees and supports over 250 tokens, compared to Gemini's 130. In H1 2025, Kraken generated \$883M in revenue from 4.4M funded accounts, reflecting stronger monetization of its regulatory positioning.

Bitstamp, established in 2011, uses its EU trust status to collaborate with traditional banks such as Revolut and SocGen for white-label exchange services. Its pricing structure undercuts Gemini's retail tiers of 0.20-0.40%, while its fiat integration through FPS and SEPA ensures robust payment capabilities.

Pure-play custodians

Anchorage Digital, the first OCC-chartered crypto bank, focuses exclusively on institutional custody, avoiding the conflicts associated with operating an exchange. This specialization appeals to clients who prioritize custody services independent of trading platforms.

BitGo and Fireblocks provide middleware custody solutions for ETFs, banks, and fintechs without competing for trading volume. Their asset-light models enable faster scaling and lower operational costs compared to Gemini's trust company structure.

TAM Expansion

International derivatives

Gemini is expanding into offshore derivatives through its MiFID II-regulated Gemini Foundation, offering perpetual futures and options to address the 80% of global crypto volume occurring outside the US. Derivatives generate two to three times the revenue per dollar traded compared to spot markets, making this expansion a key component in offsetting Gemini's high operational costs.

The company is establishing operations in Singapore, Brazil, and the UAE to support institutional clients requiring 24/7 dollar-based trading with qualified custody solutions. Gemini's New York trust charter provides credibility in these markets, even as domestic regulatory constraints limit its product offerings.

Stablecoin infrastructure pivot

The GENIUS Act's regulatory framework positions GUSD as a potential bank-chartered stablecoin for institutional settlement, offering a pathway to monetize Gemini's compliance investments. With each \$1 billion in GUSD circulation generating \$40 million in risk-free treasury yield, capturing just 1% of the market could produce \$80 million annually—exceeding Gemini's total H1 2025 revenue.

Gemini is shifting GUSD from unsuccessful retail adoption to focus on B2B payments and corporate treasury applications, targeting institutions willing to pay premiums for a stablecoin backed by fiduciary obligations and segregated reserves.

Geographic expansion

Gemini's Malta-based MiCA license allows it to serve over 30 EU markets from a single hub, eliminating prior country-specific barriers while enabling offerings such as tokenized equities and regulated yield products unavailable in the US. The company is building a 100-person Singapore headquarters and an engineering center in India to support growth in the APAC region.

European neobanks require white-label crypto services, where Gemini's SOC 2 compliance and segregated trust structure differentiate it from less regulated competitors. The company is also evaluating acquisitions of specialty custodians to integrate local banking rails and enhance regional liquidity without the need for ground-up development.

Risks

Institutional economics: Gemini's institutional clients generate \$6.5 million in quarterly revenue on over \$10 billion in volume at 2-3 basis points, which barely offsets the compliance costs associated with maintaining a New York trust charter. The company subsidizes institutional volume with the expectation that these clients will adopt higher-margin custody and derivatives services. However, with only 10,000 institutional accounts after 11 years, the cross-sell strategy remains unproven. Meanwhile, competitors such as Coinbase Prime dominate the market with superior liquidity.

Regulatory arbitrage: Gemini's differentiation depends on U.S. regulatory requirements that compel institutions to use qualified custodians and compliant venues. This advantage is at risk as competitors secure similar licenses or as regulations evolve. Kraken's bank charter, Anchorage's OCC approval, and the potential introduction of federal crypto frameworks could erode Gemini's regulatory edge. These developments may leave the company with permanently higher operational costs and reduced flexibility for international products.

Stablecoin execution: GUSD accounts for just 0.025% of the \$200 billion stablecoin market, indicating potential product-market fit challenges that the GENIUS Act alone may not address. Gemini's IPO thesis relies on GUSD becoming the institutional settlement layer, but Circle's USDC is already well-established in traditional finance, and Tether dominates offshore markets. Even with regulatory advantages, Gemini faces significant challenges in achieving meaningful adoption of its stablecoin.

DISCLAIMERS

This report is for information purposes only and is not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal trade recommendation to you.

This research report has been prepared solely by Sacra and should not be considered a product of any person or entity that makes such report available, if any.

Information and opinions presented in the sections of the report were obtained or derived from sources Sacra believes are reliable, but Sacra makes no representation as to their accuracy or completeness. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a determination at its original date of publication by Sacra and are subject to change without notice.

Sacra accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to Sacra. Sacra may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect different assumptions, views and analytical methods of the analysts who prepared them and Sacra is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

All rights reserved. All material presented in this report, unless specifically indicated otherwise is under copyright to Sacra. Sacra reserves any and all intellectual property rights in the report. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of Sacra. Any modification, copying, displaying, distributing, transmitting, publishing, licensing, creating derivative works from, or selling any report is strictly prohibited. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of Sacra. Any unauthorized duplication, redistribution or disclosure of this report will result in prosecution.

Published on Aug 23rd, 2025