

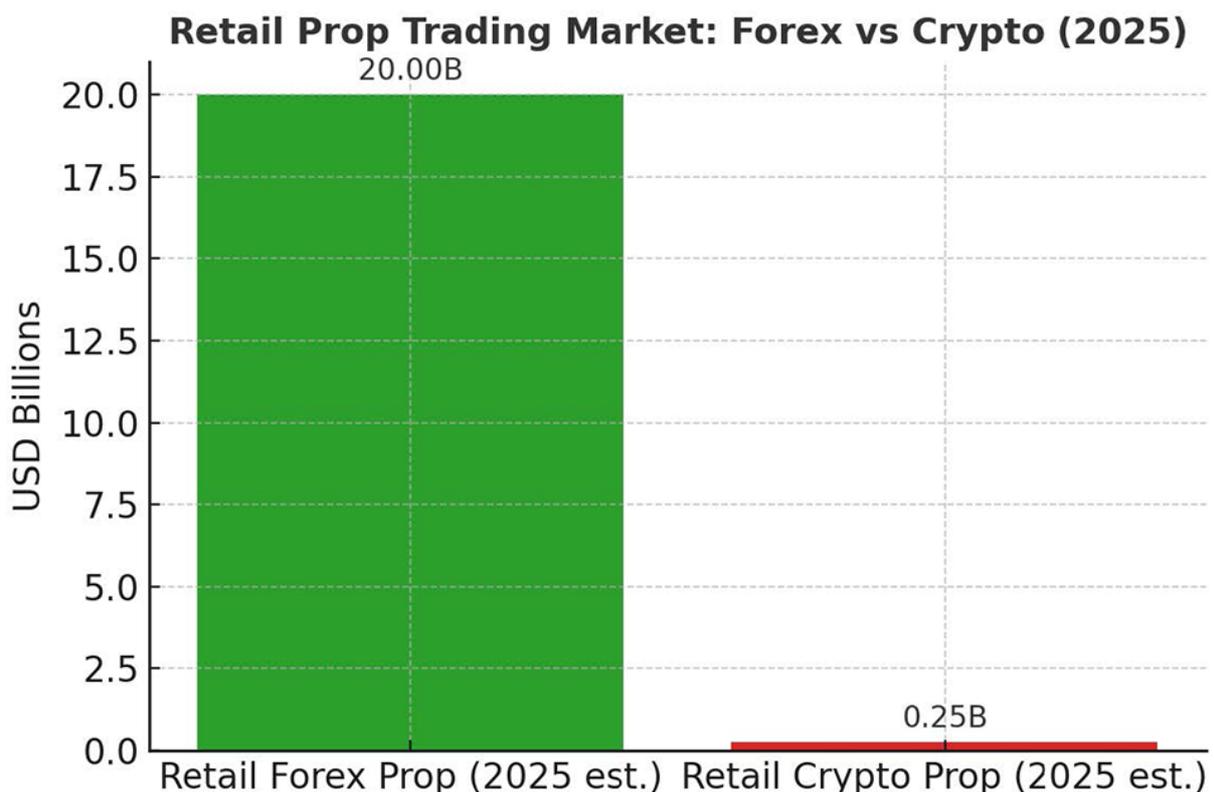


# **Crypto Prop Trading Industry Report**

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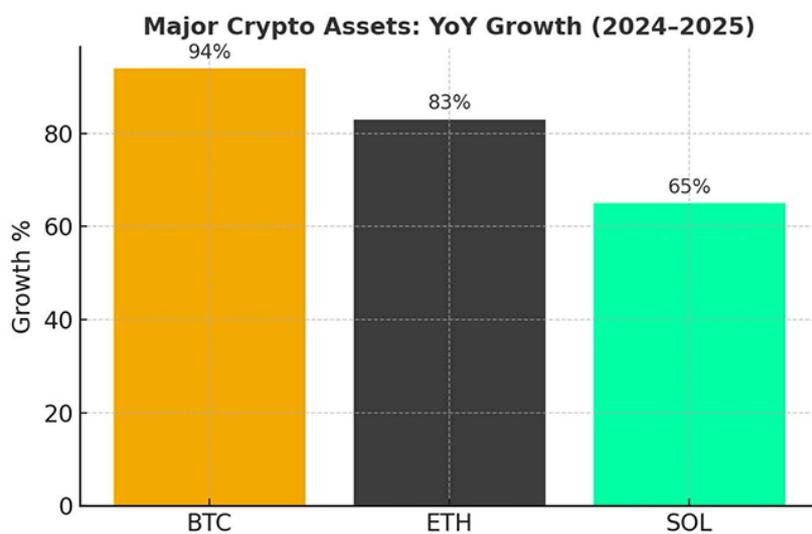
# 1. Executive Summary

- **Validation:** Kraken’s 2025 acquisition of Breakout confirms that exchanges view retail prop firms as strategic growth channels.
- **HyroTrader leadership:** 24,580 traders onboarded, \$130M+ monthly Bybit volume, \$2M+ payouts. Recognized as a market leader in the retail crypto prop space.
- **Capital efficiency:** Scaled profitably without outside capital (Profitable and self-funded, with consistent growth.).
- **Model—market fit:** Retail traders prefer low-risk challenge accounts over risking their own capital. Firms monetize challenges while filtering for talent.
- **Big opportunity:** The [retail forex prop industry is already a ~\\$20B market](#) with hundreds of firms and hundreds of thousands of traders. FTMO alone generated \$213M revenue and ~\$100M EBITDA in 2023, serving 200k+ traders. By contrast, [retail crypto prop trading is just ~\\$250M in 2025](#) (~50k traders). If crypto prop follows the same adoption curve as forex, it is on track to become a billion-dollar vertical.

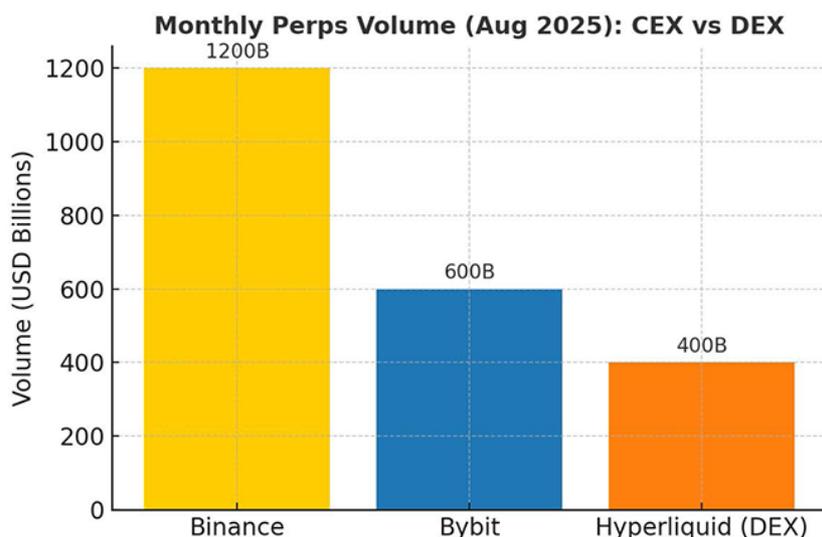


## 2. Macro & Market Overview

- **Bitcoin (BTC):** +94% YoY, hitting a new ATH of \$124K (Aug 2025); market cap ~\$2.2T. Growth driven by U.S. and EU spot ETF inflows.
- **Ethereum (ETH):** +83% YoY, trading near \$4,400. Boosted by ETF launches and widespread Layer-2 adoption (Arbitrum, Optimism, Base, zkSync).
- **Solana (SOL):** +65% YoY, now ~\$210. Momentum from meme-token activity (Pump.fun) and expanding DeFi/NFT ecosystem.



- **DEX Perps:** On-chain derivatives surging - [Hyperliquid hit \\$400B monthly perps volume and \\$106M revenue in Aug 2025](#), rivaling mid-sized CEXs.



- **Institutions:** ETFs continue to drive record inflows. Former FX-focused desks are colocalizing servers and building crypto-specific execution infra.

- **Regulation:**

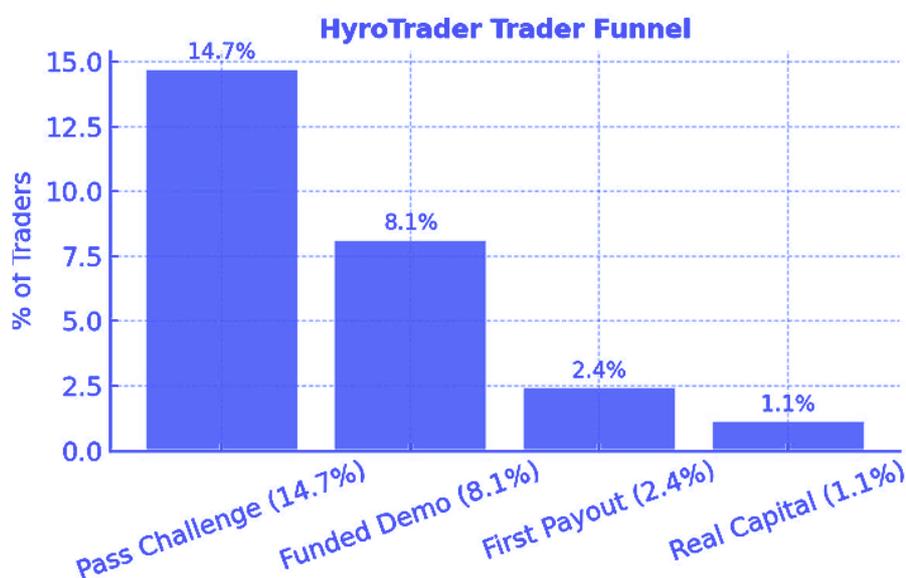
**EU:** MiCA rollout; Bybit & Kraken first licensed.

**U.S.:** Trump administration launched a Strategic Bitcoin Reserve (~198k BTC), passed the GENIUS Act mandating 1:1 stablecoin reserves, and eased enforcement against major exchanges.

**Asia:** Hong Kong, Singapore, and Korea racing to attract institutional crypto business with clear frameworks.

### 3. Trader Behavior & Sentiment

- Institutions: Colocating servers, deploying algos, exploiting arbitrage.
- Retail: Heavy leverage (up to 100x), meme coin trading, poor risk discipline (no SLs, gambling mentality).
- HyroTrader impact: Strict rules (SLs, drawdowns, active days) enforce discipline; only 1.1% reach real-capital funding.



## Retail vs Institutional Trading Behavior

### Retail Trader:

- Uses up to 100x leverage
- Meme coin speculation
- Often no stop losses
- Gambling mentality
- Short-term focus

### Institutional Trader:

- Colocated servers
- Low-latency execution
- Algorithmic strategies
- Arbitrage & cross-exchange spreads
- Long-term sustainability

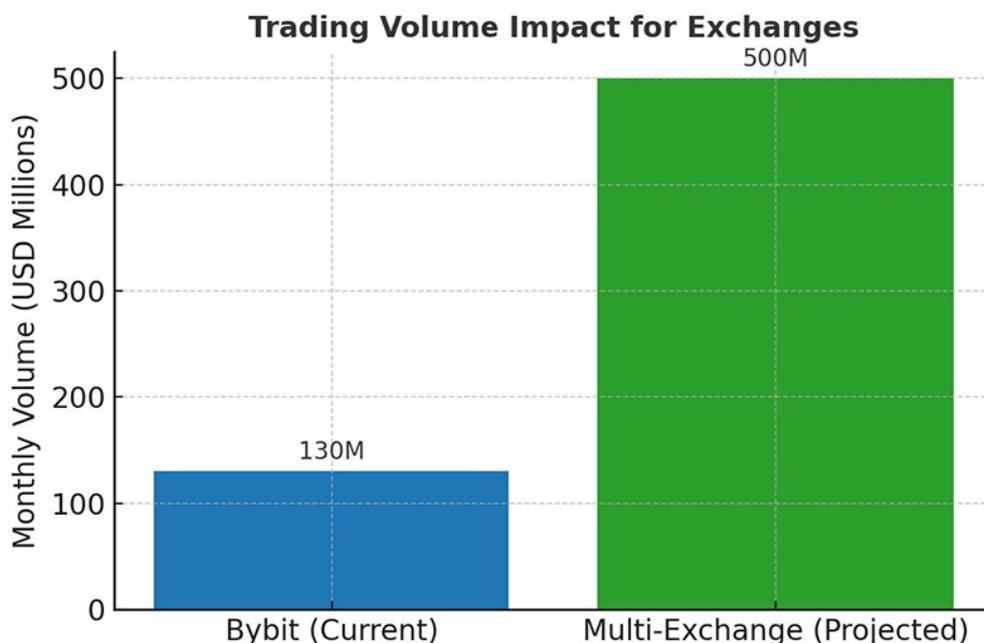
## 4. Trading Infrastructure & Tools

- HyroTrader stack: Proprietary infra (no whitelabel), HQ in Prague (50% in-office team).
- Firsts:
  - Bybit direct-API integration.
  - CLEO integration — Binance data simulation for realistic demo trading.
  - Real-capital funding (1.1% reach this stage).
- Scale: \$130M+ monthly volume, \$2M+ payouts. Strong and sustainable business model.

# Crypto Prop Firms Comparison: HyroTrader vs Competitors

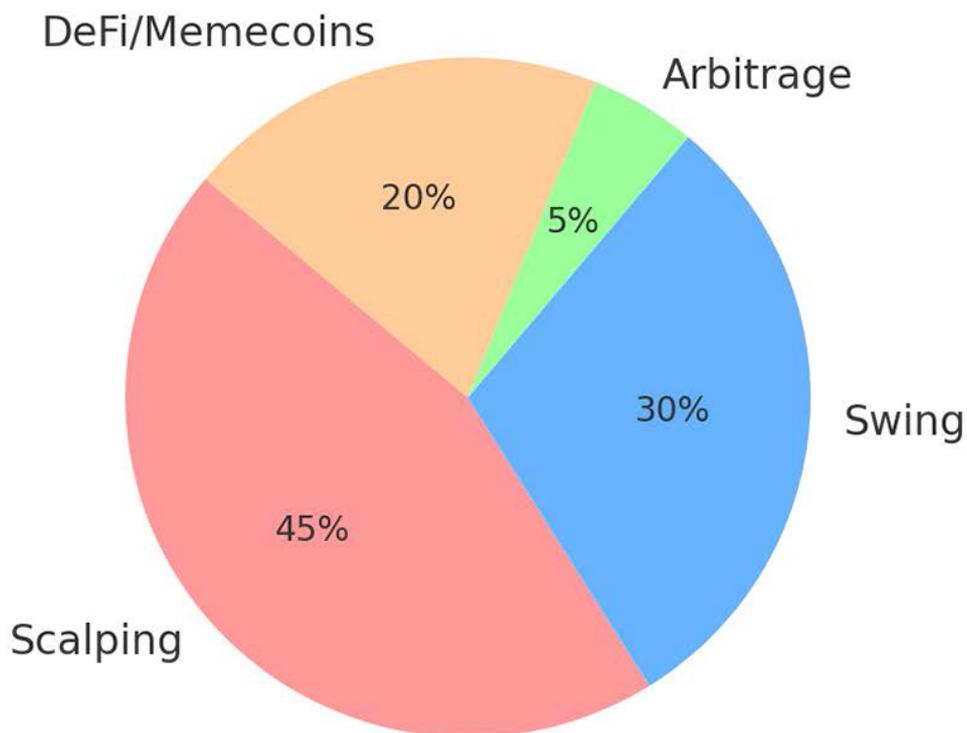
Feature	HyroTrader	Breakout (Kraken)	CFT
Infrastructure	Proprietary (no whitelabel)	Whitelabel platform	MT4/5, whitelabel infra
Funding	Real capital (1.1% reach)	Demo only, easy pass model	Instant funding (high risk)
Team	HQ Prague, 50% in-office	Influencer-led, remote team	Anonymous, remote team
Ownership	Founder-owned, profitable	Now Kraken-owned	Self-funded
Exchange Integration	Bybit direct API, CLEO	Kraken exchange integration	MT4/5 + Bybit later
Acquisition Status	Independent	Acquired by Kraken (2025)	Independent

- Industry risks: Grey (manipulated feeds, widened spreads) vs. blackhat (stop loss removal, account cancels).
- HyroTrader standard: Real exchange execution + transparent rules.
- For exchanges: Prop rails = volume engines. Requirements: realistic demo data, flexible API balances, low-latency monitoring.



- Popular strategies:
  - Scalping (rarely profitable vs. HFT).
  - Swing (higher success rate).
  - Arbitrage (institutional only).
  - DeFi/memecoins (high risk, scam-prone).

### Popular Trading Strategies (Retail vs Institutional)

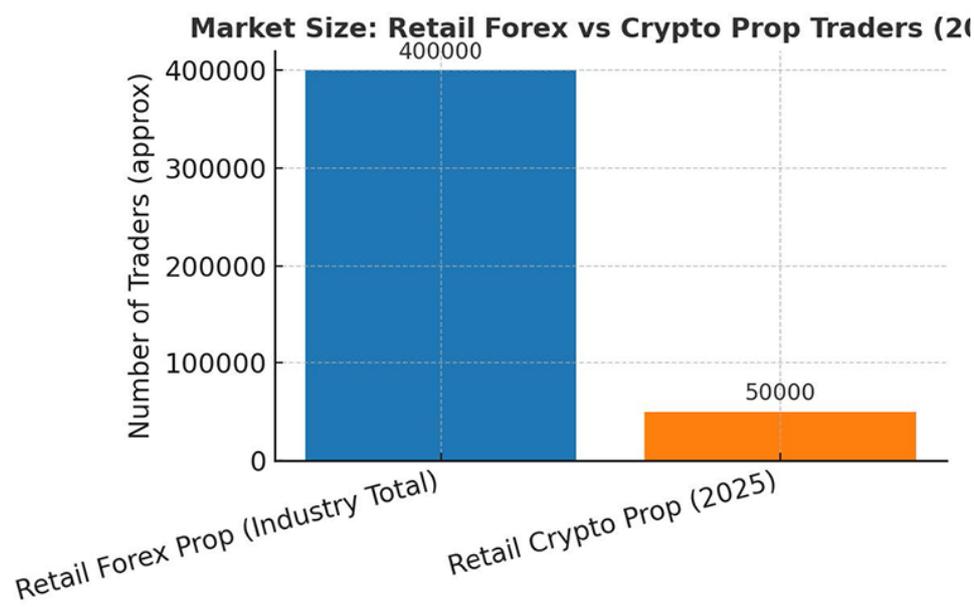


- Automation: Rising demand; HyroTrader allows bots and algos (unlike many peers).

## 5. Investor Insights

### Market size: Big opportunity

The **retail forex prop industry** is already worth an estimated **~\$20B**, with **hundreds of active firms** and **hundreds of thousands of traders worldwide**. FTMO, one of the leaders, generated **\$213M in revenue and ~\$100M EBITDA in 2023**, serving over **200k traders** - but it represents just one of many large players in this space. By contrast, the **retail crypto prop market is still nascent**, valued at only **~\$250M in 2025** (~50k traders). This gap highlights the enormous runway ahead: if crypto prop follows the same adoption curve as forex, it is on track to become a **multibillion-dollar vertical**.



### Capital flows

- **BTC/ETH ETFs dominate**, drawing billions in monthly inflows.
- **RWAs (tokenized treasuries/credit)** are emerging as the next institutional narrative.
- **NFTs remain flat**, with legacy collections acting more as status assets than investable markets.

### Products

ETFs/ETPs are now normalizing institutional channels, making crypto allocation as straightforward as equities or commodities.

## Risk appetite

- **Institutions** lean on BTC and stablecoins for reserves/treasuries.
- **Retail** still seeks high-risk altcoins and meme rotations.

## HyroTrader case

HyroTrader stands out as a profitable, self-funded market leader, controlling 35-40% of crypto prop traders. Its independence, growth trajectory, and exchange partnerships give it strong M&A optionality, as Kraken's Breakout acquisition has already proven.

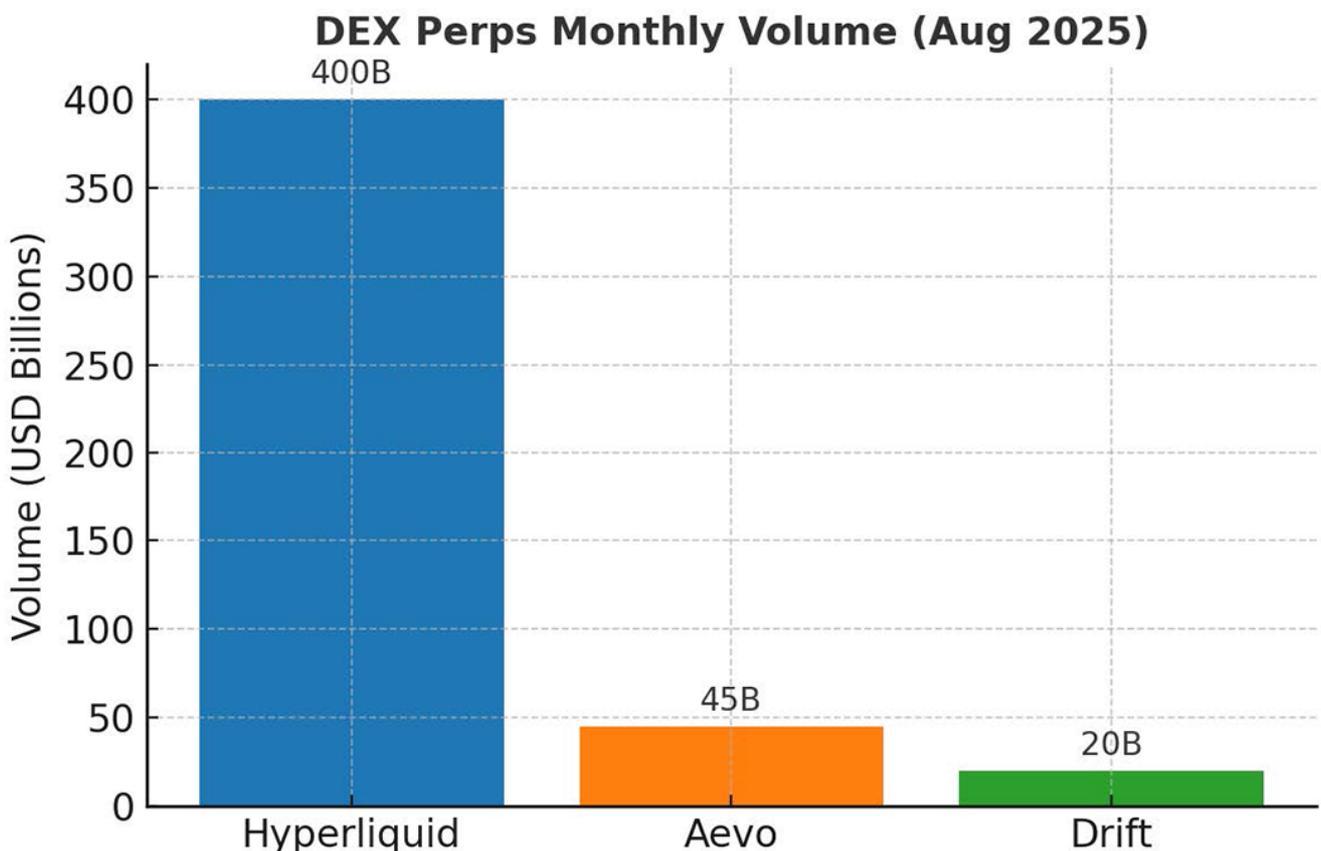
# 6. Risk Management & Compliance

- Retail failure: Over-leverage, no SLs, gambling mindset.
- Prop advantage: Evaluation filters improve survivability.
- Regulation:
  - EU MiCA: applies to exchanges, not simulated props.
  - U.S.: Simulated trading not licensed; Trump admin easing enforcement.
  - Asia: Clear exchange rules; prop not covered.
- HyroTrader compliance: External legal opinion confirms simulated challenges require no license; full transparency on demo vs. real funding.



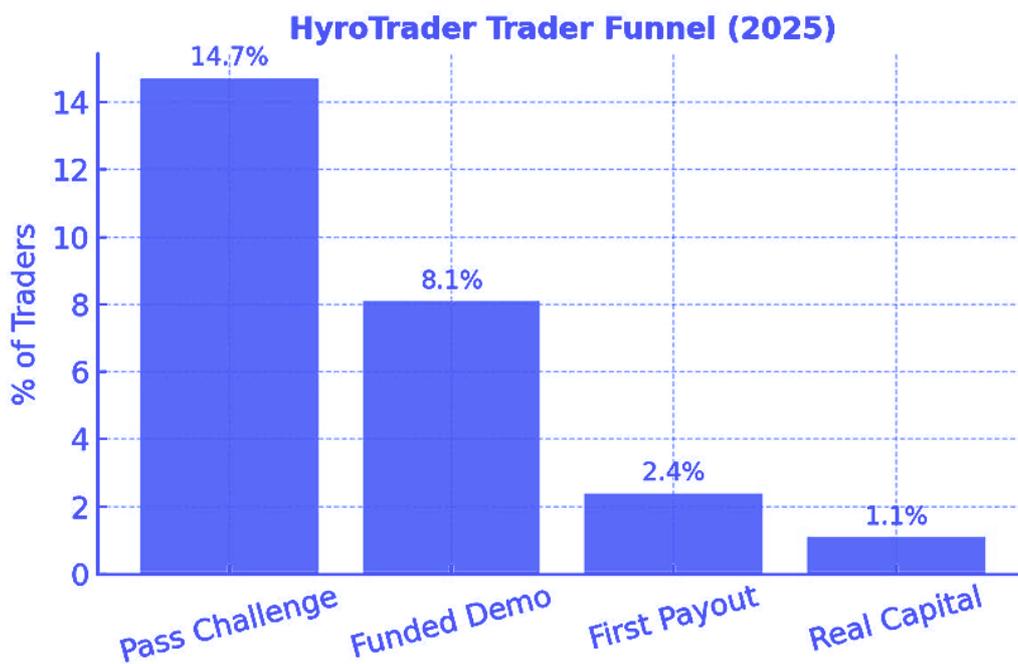
## 7. Emerging Opportunities (2025-2026)

- DEX perps: Hyperliquid, Aevo, Drift proving scalability.
- RWA tokenization: \$2.5B+ in tokenized treasuries; new base yield layer.
- Layer-2 scaling: Arbitrum, Optimism, Base, zkSync enabling microtrading and on-chain prop infra.
- AI automation: Early adoption of AI-driven risk optimization and backtesting.
- Most consistent prop strategies: Systematic swing + funded automation.



## 8. Case Studies & Benchmarks

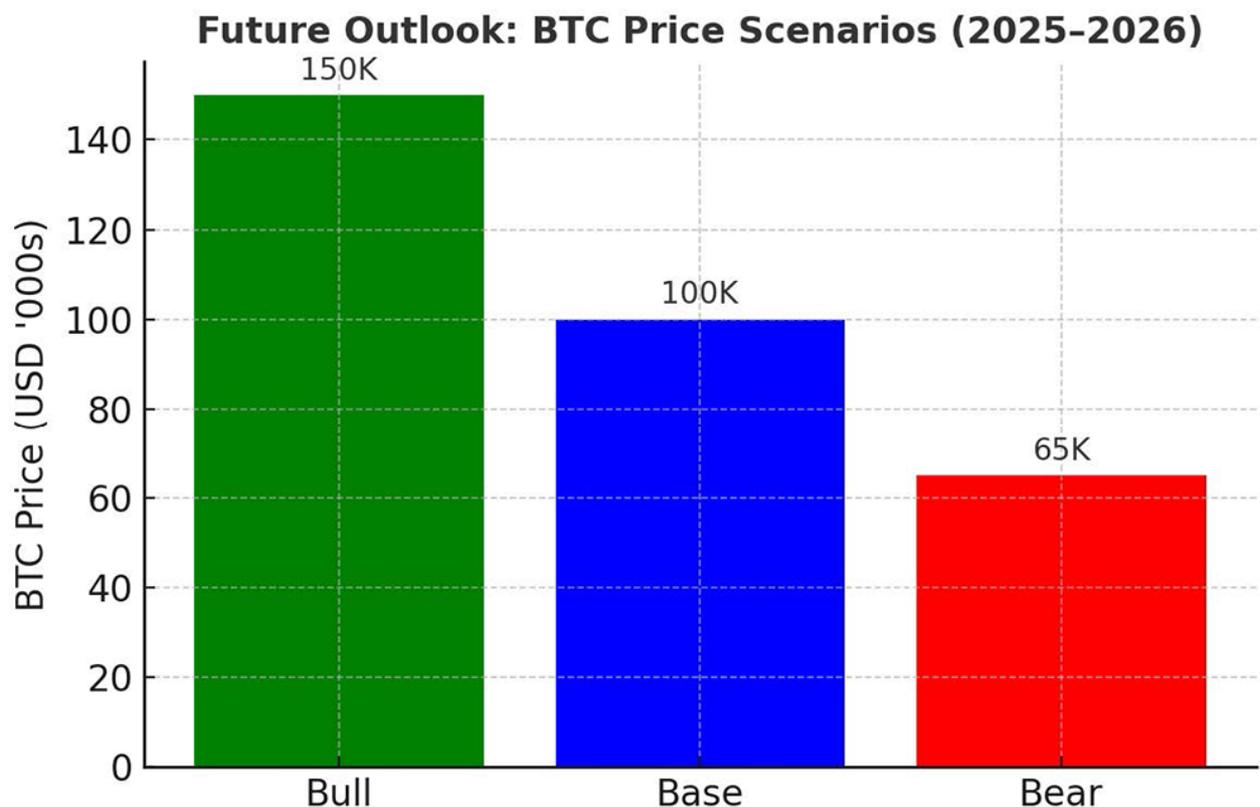
- HyroTrader funnel:
  - 14.7% pass challenges.
  - 8.1% funded demo.
  - 2.4% first payout.
  - 1.1% real-capital funded.
- Case study: Prague trader → 3rd attempt → funded demo → payout in 3 months → real capital after 15% target + track record.



- Benchmarks:
  - Breakout: acquired by Kraken in 2025.
  - FTMO: \$213M revenue, ~\$100M EBITDA (2023).
  - HyroTrader: 100% founder-owned, profitable, and growing.

## 9. Future Outlook

- Bull: Rates down, ETF flows surge, MiCA clarity → BTC >\$150K.
- Base: Range-bound majors, selective L1/L2 + RWA rotations.
- Bear: Liquidity shocks, regulatory clampdowns → BTC retrace to \$60-70K.
- Advice for traders: Risk management first (SLs, sizing, adapt strategy to regime).
- HyroTrader implications:
  - Bull: Scale onboarding + exchange integrations.
  - Base: Invest in infra + protocol.
  - Bear: Emphasize risk controls + real-capital credibility.



## 10. Conclusion & Key Takeaways

- Industry: Crypto prop trading is scaling fast; exchanges validate the model, investors circling, traders joining.
- HyroTrader: Independent, profitable market leader with 35—40% share. First with Bybit direct API + CLEO integration. \$130M+ monthly volume impact.
- Exchanges: Prop rails = volume engines.
- Investors: Profitable, founder-owned, M&A optionality high.
- Traders: Transparent path to real funding, discipline, and education.
- Final word: HyroTrader stands at the center of crypto prop trading's transformation - building today's leading firm and tomorrow's infrastructure layer.