

Market

EDG positions for next phase of institutional adoption

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The FCA-regulated provider is seeing growing demand from traditional wealth and asset managers as investors increasingly seek income, downside protection and defined outcomes rather than pure cryptocurrency exposure.

The digital asset structured products market is entering a new phase of development as institutional investors and wealth managers move beyond simple exposure trades towards income generation, capital protection and risk-managed investment solutions, according to Johan Cornet (pictured), head of structured products distribution at EDG.

“Private banks, asset managers and wealth platforms are responding to end-client demand for digital assets in formats they already understand - Johan Cornet

Cornet joined EDG earlier this month with a mandate to **expand the firm's distribution capabilities across institutional and professional wealth channels** at a time when digital assets are increasingly being incorporated into traditional portfolio construction frameworks.

"The big shift is the arrival of traditional intermediaries," said Cornet. "Private banks, asset managers and wealth platforms are responding to end-client demand for digital assets in formats they already understand."

Founded by derivatives traders from traditional finance, EDG operates as an FCA-regulated provider backed by StoneX and Brevan Howard. Cornet said a key priority is ensuring that institutional investors can access digital asset investment solutions through familiar governance, documentation and risk management frameworks.

The evolution of investor demand reflects a broader maturation of the market.

While crypto-native investors such as hedge funds, miners and token-holding corporates initially drove demand for digital asset structured products, traditional financial institutions are now becoming increasingly active participants. According to Cornet, the launch of spot bitcoin and ether ETFs helped bring digital assets into mainstream portfolios, creating a natural progression towards more sophisticated outcome-oriented investment strategies.

"Clients have moved from asking for exposure to asking for shaped exposure," he said.

That shift is driving demand for strategies designed to monetise volatility, generate income or provide downside protection. Cornet described this as the defining trend of the current market cycle.

Yield enhancement products remain among the most sought-after structures, with investors increasingly viewing digital asset volatility as a source of opportunity rather than simply a risk factor. Reverse convertibles, accumulators and decumulators linked to bitcoin and ether continue to attract interest from professional investors, while capital-protected and buffered notes are gaining traction among wealth managers introducing digital assets to more conservative client portfolios.

Use cases

"We see three demand pillars: income strategies, protected participation and hedging solutions for long-term holders looking to unlock value without selling their assets," Cornet said.

Despite the novelty of the underlying assets, many of the investment objectives remain identical to those found in traditional structured products markets.

"The payoff engineering and suitability framework carry over directly," he said. "What changes is the environment."

The digital asset market's 24-hour trading cycle, elevated volatility levels and fragmented liquidity landscape create unique challenges for issuers and distributors. Hedging activity must account for weekend and overnight market moves, while liquidity is often split across regulated venues, crypto-native exchanges and OTC markets.

At the centre of this ecosystem sits the options market.

Cornet describes options as the "engine room" of digital asset structured products, arguing that the depth and sophistication of derivatives markets ultimately determine the range of solutions that can be offered to investors.

Growing listed options volumes, the emergence of options on spot ETFs and expanding OTC liquidity have improved pricing efficiency and broadened the range of available maturities and strike levels. At the same time, volatility itself is increasingly becoming a tradable asset class for institutional investors.

As structured product activity grows, Cornet expects it to further support the development of options markets, creating what he describes as a virtuous circle between product issuance and derivatives liquidity.

The increasing participation of traditional investors has also heightened the importance of regulation and institutional infrastructure.

For many wealth managers and intermediaries, the key challenge has never been whether digital assets are investable but whether they can be accessed within established compliance and due diligence frameworks.

Regulatory tailwinds

Cornet points to regulatory developments such as the European Union's Markets in Crypto-Assets (MiCA) framework, the expansion of the US spot ETF market and evolving UK rules as important catalysts for institutional adoption.

"Conversations have moved from 'can we do this?' to 'how do we do this well?'," he said.

EDG structures its issuance platform through a Protected Cell Company (PCC) model, under which individual products are issued from legally segregated cells containing the hedge assets backing each note. The approach is designed to provide bankruptcy remoteness and asset segregation, features that many institutional investors increasingly expect when assessing digital asset investment solutions.

Looking ahead, Cornet expects the next phase of growth to be driven by broader distribution, product innovation and deeper integration into multi-asset portfolios.

Among the most significant opportunities are the expansion of structured products beyond bitcoin and ether as derivatives liquidity develops across additional digital assets, the emergence of treasury management solutions for corporates holding digital assets on balance sheet, and the tokenisation of structured products themselves.

He also expects digital asset structured products to become increasingly indistinguishable from their traditional counterparts.

Over the next two to three years, Cornet anticipates a continued shift towards outcome-oriented investing, greater regulatory harmonisation across major markets and increased use of tokenised issuance and settlement infrastructure.

"The destination is clear," he said. "Digital assets are becoming simply another underlying within the global structured products market."

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