



Avalanche (AVAX)

An In-Depth Project Report
for Institutional Investors

2025



alpha
node



Executive Summary

Avalanche (AVAX) is a decentralized, open-source Layer-1 blockchain platform developed by **Ava Labs**, launched in September 2020. It distinguishes itself through its Avalanche Consensus mechanism, enabling rapid transaction finality of under one second, high scalability via its unique **Subnet architecture**, and robust security. The platform employs a multi-chain architecture comprising the X-Chain for asset exchange, the C-Chain for smart contract execution compatible with the **Ethereum Virtual Machine (EVM)**, and the P-Chain for network coordination and Subnet creation. As of May 9, 2025, Avalanche demonstrates significant network activity with **1,479 active validators**, 8 million active addresses, and a Total Value Locked (TVL) of \$1.53 billion. Major milestones and recent developments, including the Avalanche9000 upgrade, underscore the project's ongoing evolution and commitment to enhancing its capabilities. This report provides an in-depth analysis of Avalanche, covering its technology, use cases across DeFi, NFTs, gaming, real-world assets, and AI, tokenomics, competitive positioning against Ethereum and Solana, risk assessment, community sentiment, and concludes with recommendations for institutional investors and critical milestones to monitor. The findings suggest that Avalanche's unique architecture and growing ecosystem position it as a noteworthy platform for institutional consideration within the digital asset landscape.





Project Overview and History

Avalanche's journey began with the conceptualization of its consensus protocol in May 2018 by a pseudonymous group known as "Team Rocket". This foundational work was further developed by researchers at Cornell University, led by **Emin Gün Sirer**, alongside doctoral students Kevin Sekniqi and Maofan "Ted" Yin. Recognizing the potential to meet the finance industry's demanding requirements, these researchers founded Ava Labs to develop a blockchain network based on their innovations. In March 2020, a significant step towards public accessibility was taken with the release of the AVA codebase as open-source software. The project officially launched its mainnet in September 2020, marking the beginning of its operational phase.

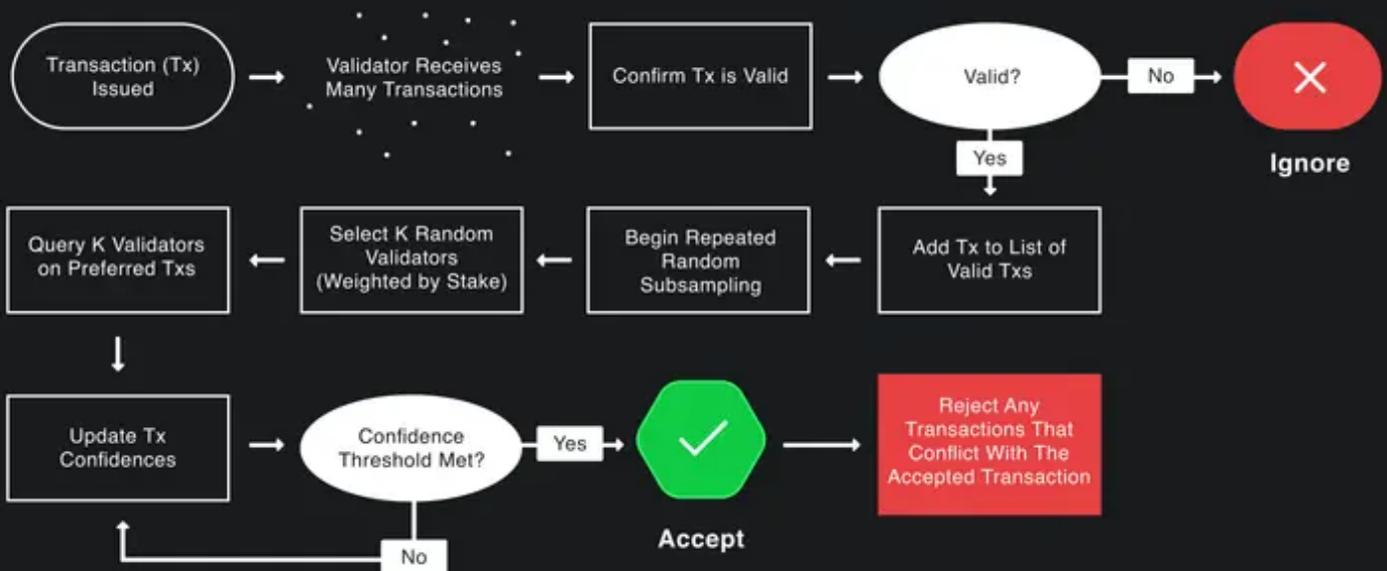
Several key milestones and funding events have shaped the Avalanche's trajectory. In September 2021, Ava Labs secured **\$230 million** through a strategic sale of the AVAX cryptocurrency to a consortium that included prominent investors such as Polychain Capital and the now-defunct Three Arrows Capital. This substantial capital injection provided significant resources for further development and ecosystem growth. November 2021 witnessed a pivotal moment for Avalanche as it entered the top 10 cryptocurrencies by market capitalization following a collaboration agreement with Deloitte. This partnership aimed to leverage the Avalanche blockchain to improve the efficiency of U.S. disaster-relief funding distribution. Expanding its reach and infrastructure capabilities, Avalanche announced a partnership with Amazon Web Services (AWS) in January 2023. This collaboration focused on enhancing Avalanche's infrastructure and fostering the growth of its decentralized application ecosystem. Demonstrating its versatility beyond decentralized finance, Avalanche partnered with Tixbase and Passolig in August 2024 to implement blockchain-verified ticketing within Turkey's sports and event industry. This initiative integrated blockchain technology into Passolig's system, which manages ticketing for the Süper Lig and other events, while also addressing secondary market regulation and introducing NFT-based digital tickets. Further bolstering its development efforts, Avalanche successfully raised \$250 million (USD) through a token sale in December 2024 to support the ambitious Avalanche9000 upgrade.

The strategic direction of Avalanche is characterized by a core mission to **"digitize all the world's assets"**. A key element of this strategy is the emphasis on Subnets as a primary scaling and customization solution, positioning Avalanche as an interconnected network of blockchains, often referred to as a "blockchain of blockchains". Recent initiatives such as Avalanche9000 are focused on accelerating the adoption of Layer-1 blockchains within the Avalanche network, while programs like infraBUIDL(AI) aim to foster the development of AI-integrated projects on the platform. These strategic shifts indicate a forward-looking approach to expanding Avalanche's utility and market presence.

Technology and Innovation

At the core of Avalanche's technological framework lies its consensus mechanism, a hybrid design that combines elements of both classical and Nakamoto consensus protocols. This approach enables the network to achieve high transaction speeds, processing thousands of transactions per second, coupled with near-instant transaction finality, typically under one second. The consensus mechanism operates on an energy-efficient Proof-of-Stake (PoS) system, where validators stake AVAX tokens to participate in securing the network. The Avalanche consensus protocol is built upon a series of interconnected protocols, including Slush, Snowflake, Snowball, and the final Avalanche protocol, each contributing to the network's robustness and efficiency.

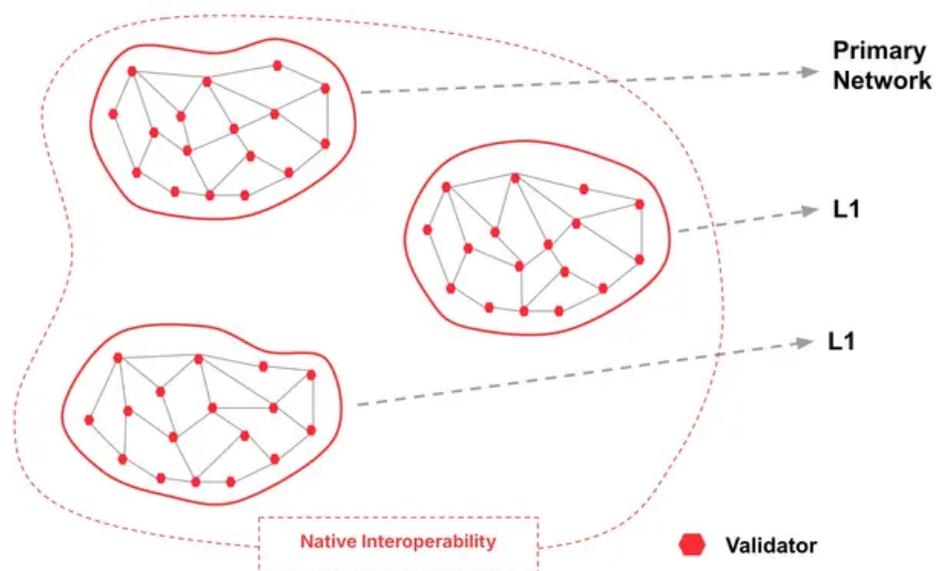
How Avalanche Consensus Works



Source: <https://build.avax.network/docs/quick-start/avalanche-consensus>

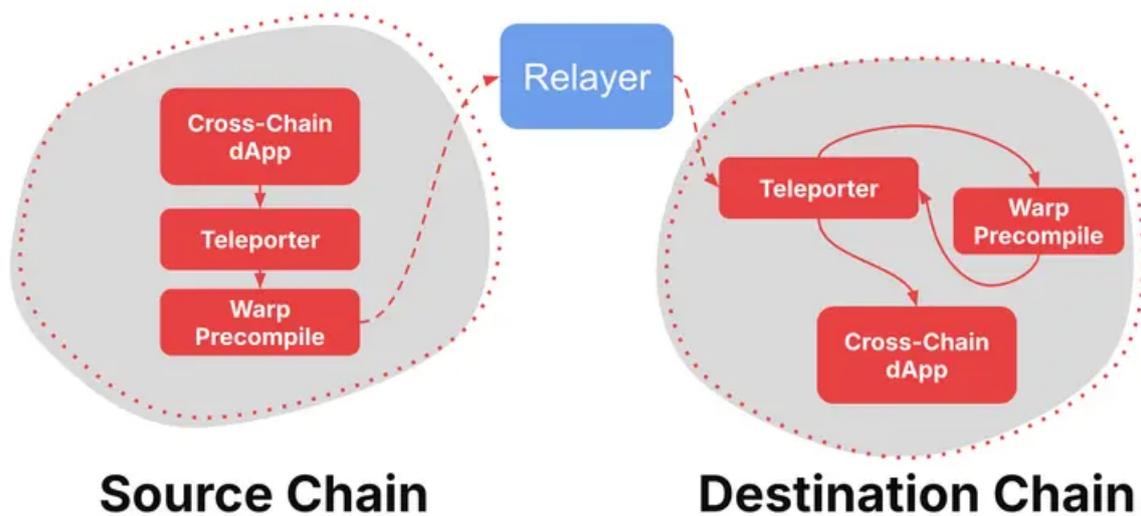


Avalanche employs a unique multi-chain architecture to optimize performance and functionality. The X-Chain (Exchange Chain) is primarily responsible for the creation and transfer of digital assets, including the native AVAX token. The C-Chain (Contract Chain) serves as Avalanche's smart contract blockchain, fully compatible with the Ethereum Virtual Machine (EVM), allowing developers to deploy decentralized applications written in Solidity and utilize familiar Ethereum development tools.¹ The P-Chain (Platform Chain) plays a crucial role in coordinating network validators, managing the AVAX staking mechanism, and enabling the creation and management of Subnets.



Source: <https://build.avax.network/docs/quick-start/avalanche-l1s>

A key component of Avalanche’s scalability strategy is the implementation of Subnets. These are customizable Layer-1 blockchains that operate within the Avalanche ecosystem, each capable of defining its own rules regarding membership, token economics, and validator requirements.² This architecture allows for horizontal scaling, enabling the network to support a multitude of independent blockchains tailored for specific use cases. To facilitate seamless interaction between these Subnets, Avalanche incorporates Avalanche Warp Messaging (AWM), which enables native cross-Subnet communication. Furthermore, the introduction of HyperSDK provides developers with a powerful framework for building high-performance Virtual Machines from scratch on Avalanche, allowing for the creation of highly optimized and specialized blockchains.



Source: <https://build.avax.network/academy/interchain-messaging/09-avalanche-warp-messaging/04-awm-relayer>



Avalanche offers comprehensive smart contract capabilities, providing full compatibility with Solidity, the primary programming language for Ethereum smart contracts, and supporting the broader Ethereum development toolkit. The platform is designed to support multiple Virtual Machines, including the EVM, WebAssembly (WASM), and the ability for developers to create custom VMs tailored to their specific needs. Future enhancements are envisioned, such as smart contracts with off-chain execution and on-chain verification, parallel execution of smart contracts, and an improved version of Solidity known as Solidity++.

To ensure access to real-world data for decentralized applications, Avalanche has established integrations with oracle providers, notably Chainlink Labs. Additionally, the platform's governance model includes a mechanism for dynamic parameter optimization through a "crowd oracle," allowing the community to influence key network settings.

Avalanche's architecture is designed for modular upgrades, with the Subnet structure allowing for independent upgrades and customizations without affecting the entire network. The on-chain governance system enables the community to vote on and implement upgrades to key network parameters. Looking towards future technological advancements, Avalanche anticipates the integration of post-quantum cryptography at the Virtual Machine level, ensuring the platform's security against future threats.





Use Cases and Real-World Applications

Avalanche's robust technological foundation has facilitated the development and deployment of a diverse range of use cases across various sectors. In DeFi (Decentralized Finance), Avalanche's scalability and near-instant finality make it an ideal platform for high-throughput applications. A thriving DeFi ecosystem has emerged on Avalanche, featuring prominent protocols such as Aave, Trader Joe, Benqi, Yield Yak, 1inch, and GMX, offering users a wide array of lending, borrowing, trading, and yield farming opportunities. The availability of Avalanche USDC, accessible through Circle Account and APIs, further supports various DeFi functionalities. As of May 2025, the total value locked within Avalanche's DeFi ecosystem stands at approximately \$1.53 billion.

Top 10 Avalanche DeFi Protocols by 30-Day Fee Generation

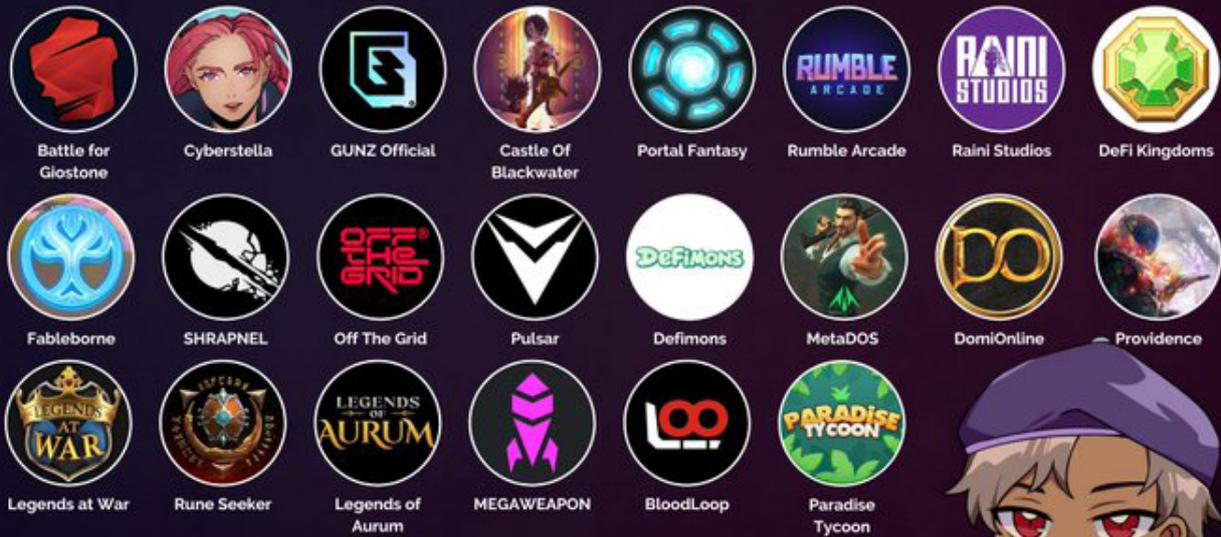
| Rank | Name | 30D Fees |
|------|------------------|------------|
| 1 | LFJ | \$1.27m |
| 2 | AAVE | \$1.18m |
| 3 | Pharaoh Exchange | \$986,965m |
| 4 | Vertex Edge | \$939,245m |
| 5 | Benqi | \$576,886m |
| 6 | GMX | \$524,670m |
| 7 | Uniswap | \$268,333m |
| 8 | Avalanche | \$249,030m |
| 9 | Velora | \$104,326m |
| 10 | The Arena | \$56,029m |



The platform has also gained significant traction in the realm of NFTs (Non-Fungible Tokens). Avalanche's low transaction fees and rapid finality make it an attractive choice for NFT creators and collectors. The Avalanche Foundation has launched initiatives like Avaissance to specifically support digital artists and foster the growth of the NFT ecosystem on the platform.³⁰ A vibrant community has developed around NFTs on Avalanche, with popular projects including Navy Seal Game, AvaPepes, Castle Crush, and Chikn, and established marketplaces such as Joepegs, Kalao, and NFTrade facilitating the trading of these digital assets

Other areas of development include digital identity and supply chain tracking. The implementation of Atala PRISM in Ethiopia and the launch of Veridian demonstrate the network's activity in deploying secure identity management systems. In supply chains, projects are leveraging Cardano's infrastructure to improve transparency and traceability, including authentication mechanisms for goods. Additionally, partnerships with academic institutions and the Cardano Academy support the platform's educational outreach, while AI integrations and privacy-preserving data solutions like zkFetch signal exploratory efforts in emerging technology convergence.

Gaming represents another key area of focus for Avalanche. The platform boasts a strong community of game developers and gamers actively building and participating in Web3 gaming experiences. Notable partnerships include Gunzilla Games, which is developing the AAA shooter "Off the Grid" on an Avalanche Subnet, leveraging the platform's scalability and low latency to deliver a seamless gaming experience. Avalanche's technology has also been applied to real-world gaming applications, such as the integration of blockchain-verified tickets for major sporting and entertainment events in Turkey. The platform hosts a variety of blockchain games, including DefiKingdoms, Shrapnel, Domi Online, and MapleStory Universe, showcasing its versatility in supporting complex gaming economies and immersive experiences.



Who is your favorite?

Source: <https://x.com/raidenkrn/status/1724420535189393549/photo/1>

Avalanche is also making significant strides in the tokenization of Real-World Assets (RWAs). The platform is increasingly being recognized for its potential to bridge traditional finance with blockchain technology, with a growing trend of RWA tokenization initiatives being launched on the network. Notable partnerships in this space include collaborations with multinational investment bank Citigroup and asset management firm Franklin Templeton for various RWA tokenization projects. Furthermore, tokenized US Treasury bill funds have been launched on Avalanche, and the platform has partnered with companies like Xalts to accelerate the adoption of RWA tokenization among financial institutions.

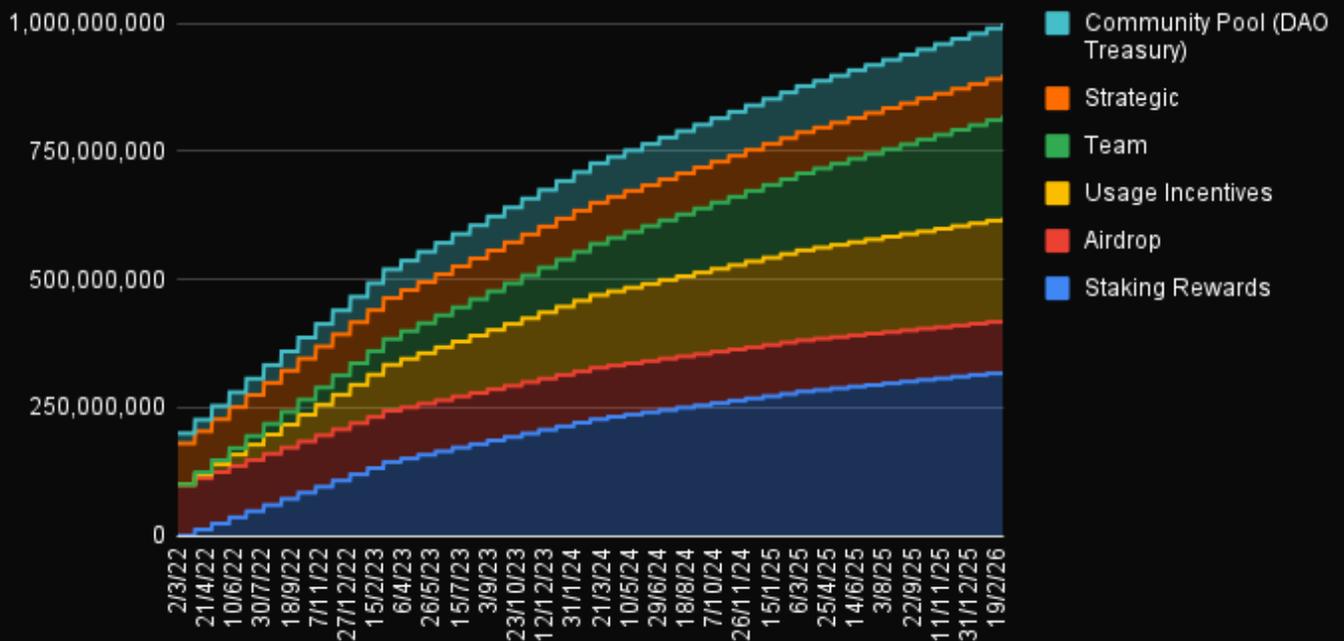
The intersection of Avalanche with AI (Artificial Intelligence) is an emerging and promising area of development. The Avalanche Foundation has launched the infraBUIDL(AI) program, committing up to \$15 million in funding to support developers building AI-integrated tools and applications on the platform. This initiative is further supported by partnerships such as the collaboration between the Avalanche Foundation and Aethir, focused on strengthening AI-driven projects within the Avalanche ecosystem. Potential use cases for AI on Avalanche include the development of autonomous chat agents, DeFi agents, and AI-powered tools for enhancing blockchain security. Additionally, platforms like Tenzro are leveraging Avalanche to build AI content creation platforms for creatives, highlighting the platform's adaptability to cutting-edge technological trends.



Tokenomics and Economic Model

The native token of the Avalanche network, AVAX, has a hard-capped supply of 720 million tokens. At the genesis of the network, 360 million AVAX tokens (50% of the total supply) were minted and distributed through private and public sales. The remaining 360 million tokens (50%) are allocated for staking rewards, to be distributed over several decades, incentivizing network participation and security. The initial distribution of AVAX was carefully structured across various stakeholders, including a seed sale (2.5%), private sale (3.5%), public sale (10%), the Avalanche Foundation (9.26%), community endowment (7%), strategic partners (5%), airdrops (2.5%), the core team (10%), staking rewards (50%), and a testnet incentive program (0.27%). These allocations were subject to various vesting schedules, with ongoing token unlocks occurring according to a pre-defined plan.

EVMOS Supply Schedule



Source: Coingecko



Avalanche's economic model incorporates both capped supply and a burning mechanism to manage inflation and deflation. The hard cap of 720 million AVAX ensures that the token supply cannot be arbitrarily increased, preventing hyper-inflation. Furthermore, all transaction fees incurred on the Avalanche platform are burned, effectively removing them from the circulating supply and creating deflationary pressure over time. The minting of new AVAX tokens as rewards for validators who participate in staking partially offsets this deflationary effect, ensuring that the network remains incentivized without leading to a long-term halt due to excessive coin destruction. The rate at which the total supply approaches its maximum cap is subject to on-chain governance, allowing the community to influence the token's long-term inflation/deflation dynamics.

The security and operation of the Avalanche network rely on a Proof-of-Stake (PoS) consensus mechanism. Validators on the network earn the right to mint new AVAX tokens by staking their existing tokens and actively participating in the consensus process. The minimum amount of AVAX required to become a validator and the minimum duration for which tokens must be staked are governable parameters, allowing the community to adjust these settings as needed. The rewards earned by validators are proportional to the amount of AVAX they have staked and the duration for which they have staked it, incentivizing larger and longer-term commitments to the network. Unlike some other PoS systems, Avalanche does not implement slashing, meaning that validators are not penalized by losing their staked tokens for negligent or malicious behavior; however, the reward system incentivizes uptime and correctness. As of May 2025, the annual percentage yield (APY) for staking AVAX is around 7.60%, offering a significant incentive for token holders to participate in network security.

The governance of the Avalanche network is conducted through an on-chain system, enabling AVAX token holders to directly vote on proposed changes to key network parameters. These governable parameters include the minimum staking amount required to become a validator, the rate at which new AVAX tokens are minted as staking rewards, and the fees associated with various transactions on the platform. The governance system in Avalanche exhibits hysteresis, meaning that changes to parameters are often dependent on recent changes and are subject to time and range limits. This mechanism prevents drastic short-term fluctuations and ensures a degree of predictability in the network's economic policies. This community-driven approach to governance and development fosters a decentralized ecosystem where token holders have a direct say in the platform's future direction.



Performance Metrics

As of May 9, 2025, the Avalanche network exhibits the following key performance metrics:

→ Daily Transactions

While precise daily transaction figures for the entire network on May 9, 2025, are not available, data from February 2025 indicates daily active addresses exceeding 250,000. Transaction activity on specific Subnets, such as the DFK L1, shows around 1 million transactions per day in early May 2025.⁷⁴ The total transaction count across all Avalanche L1s has surpassed 2.25 billion. This level of activity suggests a significant and growing user base interacting with the network.

→ Validator Count

The official Avalanche website reports 1,479 active validators securing the primary network. When considering the broader ecosystem of Subnets, the total number of validators reaches 1,429. A robust and distributed validator set is crucial for the security and resilience of the blockchain.

→ Total Value Locked (TVL)

The official metrics indicate a TVL of \$1.53 billion within the Avalanche ecosystem. This metric represents the total value of assets locked in various decentralized finance protocols on the platform. While another source reported a TVL of \$1.19 billion in April 2025, the official figure suggests a strong and growing amount of capital deployed within the Avalanche DeFi space.

→ Staking Share

A significant portion of the total AVAX supply is staked, indicating strong community participation in network security. The staking ratio is reported as 56.16% on the official validators page, while Coinbase reported around 49.98%. TokenTerminal mentioned a stake rate of 68%, and StakingRewards indicated that 65% of the AVAX supply was locked as of May 7, 2025. These figures consistently point to a high level of engagement in staking.



→ Token Supply

The circulating supply of AVAX is approximately 417-418 million tokens, out of a maximum total supply of 720 million AVAX. The relationship between the circulating and maximum supply is important for understanding the token's inflation dynamics.

→ Gas Fees

Avalanche continues to offer significantly lower transaction fees compared to Ethereum. In April 2025, the average transaction fee was reported to be around \$0.0179. The implementation of the Octane upgrade introduced an automatic mechanism for adjusting gas fees based on network activity, aiming to maintain accessibility and efficiency. Gas prices on testnets can be exceptionally low, as seen with 3 nJEWEL on the DFK L1.



| Metric | Value |
|----------------------------|-------------|
| Daily Active Addresses | >250,000 |
| Daily Transactions | ~1 million+ |
| Active Validators | 1,479 |
| Total Validators (Subnets) | 1,429 |
| Total Value (Locked TVL) | \$1.53B |
| Staking Ratio | ~50-65% |
| Circulating Supply | ~417-418M |
| Max Supply | 720M |
| Average Gas Fee | ~\$0.0179 |



Competitive Analysis and Positioning

Avalanche directly competes with other leading Layer-1 blockchain platforms, most notably Ethereum and Solana. Avalanche aims to position itself as a superior alternative to Ethereum, particularly in terms of transaction throughput and cost. While Ethereum currently processes around 15 transactions per second, Avalanche boasts a significantly higher theoretical capacity of 4,500 to 6,500 TPS. Furthermore, Avalanche offers a notably faster transaction finality, typically under one second, compared to the minutes it takes for Ethereum transactions to be fully confirmed. Transaction fees on Avalanche are also consistently lower than those on Ethereum, averaging around \$0.08 per transaction compared to the often higher and fluctuating gas fees on the Ethereum network. A significant advantage for Avalanche is its full compatibility with the Ethereum Virtual Machine (EVM), which simplifies the process for Ethereum developers to migrate their existing decentralized applications to the Avalanche platform. Despite these technical advantages, Ethereum benefits from a much larger and more mature ecosystem, particularly in the decentralized finance and non-fungible token sectors. Ethereum also holds a substantially higher market capitalization and total value locked compared to Avalanche.

Solana is another key competitor in the high-performance blockchain space, also emphasizing high transaction throughput and low fees. Solana claims an even higher theoretical transaction processing speed of 65,000 TPS, although the network has faced challenges related to reliability and occasional outages. Avalanche's Subnet architecture provides a higher degree of customization and scalability compared to Solana's more monolithic design. While Solana currently boasts a larger market capitalization than Avalanche, it has also experienced greater price volatility and network stability concerns. Notably, Avalanche offers compatibility with the Ethereum Virtual Machine, which lowers the barrier for developers familiar with Ethereum, whereas Solana primarily utilizes the Rust programming language, fostering distinct developer ecosystems.



| Feature | Avalanche | Ethereum | Solana |
|-----------------------|---|-------------------------------------|-----------------------------------|
| Consensus | Hybrid (Classical + Nakamoto), PoS | PoS (Transitioned from PoW) | Proof-of-History (PoH) + PoS |
| Theoretical TPS | 4,500-6,500 | ~15 (Higher with L2) | 65,000 |
| Finality | < 1 Second | 16 minutes | 12 Second |
| Transaction Fees | ~\$0.08 | Fluctuating, Often Higher | ~\$0.00025 |
| Smart Contracts | EVM, WASM, Custom VMs | EVM | Primarily Rust |
| Architecture | Multi-Chain (X, C, P), Subnets | Single Chain (with Layer-2 Scaling) | Monolithic |
| Ecosystem | Growing, Strong in DeFi, NFTs, Gaming, RWAs | Largest and Most Mature | Growing, Strong in DeFi, Memecoin |
| Market Cap (May 2025) | ~\$9-10 Billion USD | ~\$218 Billion USD | ~\$65 Billion USD |
| TVL (May 2025) | ~\$1.53 Billion USD | ~\$46 Billion USD | ~\$7 Billion USD |



Risk Assessment and Mitigation Strategies

Investing in Avalanche, like any cryptocurrency, involves a range of risks that institutional investors must carefully consider. Technological risks include the potential for centralization if a small number of validators accumulate a dominant share of staked tokens. The complexity of Avalanche's multi-chain architecture and consensus mechanism could also present a barrier to entry for some users and developers unfamiliar with blockchain technology. As with any software platform, there is an inherent risk of security vulnerabilities in smart contracts and the underlying network protocols. Furthermore, the network's performance and security are dependent on the active participation and honest behavior of its validators. To mitigate these technological risks, Avalanche employs several strategies. The platform actively encourages a broader distribution of staked tokens through community-led initiatives and incentive programs. Comprehensive documentation, developer tools, and educational resources are readily available to simplify platform adoption and facilitate development. Rigorous security audits are conducted on the core protocol and key smart contracts, and bug bounty programs are in place to incentivize the identification and reporting of vulnerabilities. While Avalanche currently does not implement slashing penalties for validator misconduct, the reward system is designed to incentivize high uptime and correct operation through proof-of-uptime and proof-of-correctness mechanisms.

Avalanche operates within a highly competitive market, facing significant market risks from well-established platforms like Ethereum and the emergence of other high-performance Layer-1 blockchains. The cryptocurrency market is inherently volatile, and the price of AVAX can experience substantial fluctuations in short periods. There is also a risk of Avalanche losing market share to competitors that achieve stronger network effects or wider adoption. To mitigate these market risks, Avalanche focuses on its key differentiators, such as its speed, scalability, and the customization capabilities offered by its Subnet architecture. The platform actively pursues strategic partnerships and integrations across various industries to expand its ecosystem and attract a larger base of users and developers. Continuous innovation and upgrades to the core protocol are also prioritized to maintain a competitive edge in the rapidly evolving blockchain landscape.

Operational risks for Avalanche include the potential for network congestion during periods of exceptionally high demand, although the Subnet architecture is designed to isolate network activity and prevent widespread congestion. There is also the risk of bugs or exploits within smart contracts deployed on the platform, which could lead to the loss of user funds. The network's stability and performance are also dependent on the reliability and consistent uptime of the validator nodes participating in the consensus process. To mitigate these operational risks, Avalanche leverages its Subnet architecture to allow for the creation of application-specific blockchains, thereby isolating potential congestion issues. The platform promotes best practices for smart contract development, emphasizing thorough testing and security audits before deployment. Validators are incentivized to maintain high uptime and operate correctly through the reward mechanism, which compensates them based on their performance.



The cryptocurrency industry as a whole faces increasing regulatory risks, and Avalanche is not immune to these challenges. The evolving regulatory landscape could lead to new rules and restrictions that impact the operations or even the legality of the platform in certain jurisdictions. There is also ongoing uncertainty regarding the classification of the AVAX token as a security in some regions, which could have implications for its trading and usage. To mitigate these regulatory risks, Avalanche engages with regulatory bodies to foster a clear and supportive legal environment for blockchain technology. The platform also strives to ensure compliance with applicable laws and regulations across different jurisdictions and has designed features like permissioned Subnets to cater to the needs of entities operating in regulated industries. Furthermore, the decentralized and permissionless nature of the core Avalanche network helps to mitigate risks associated with centralized control and potential regulatory overreach.

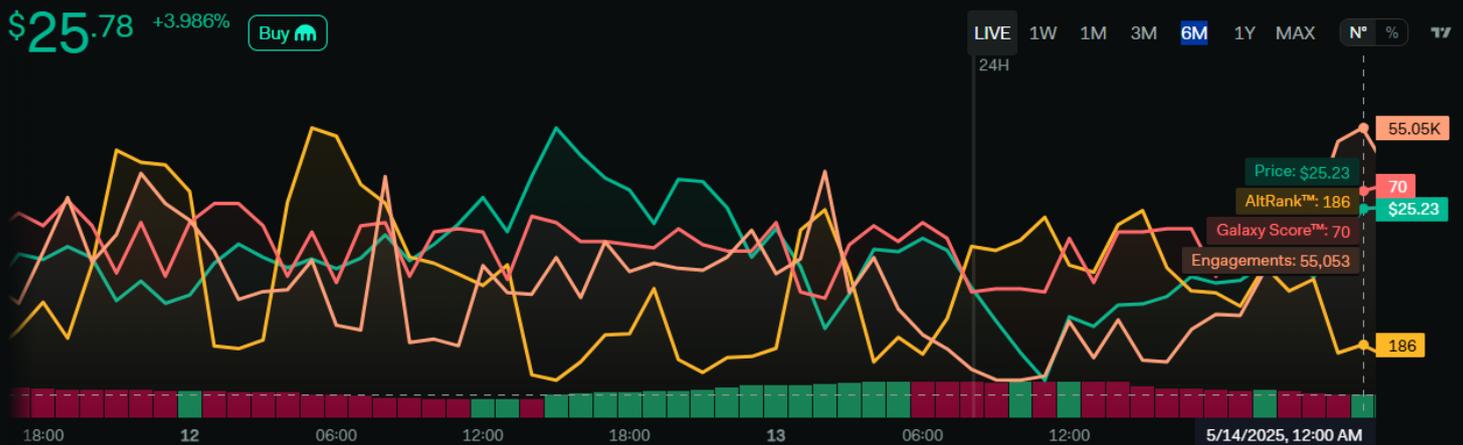




Community and Market Sentiment

Avalanche has cultivated a strong and growing community, boasting over 1 million members online with support across more than 18 languages. This vibrant community actively engages on various platforms, including X (Twitter), Discord, Telegram, Reddit, and GitHub. Over the past year, tens of thousands of individuals participated in Avalanche events held worldwide, indicating a high level of enthusiasm and engagement. The Avalanche Ambassador Program further fosters community involvement by providing opportunities for members to contribute to the ecosystem and receive rewards. The developer community is also highly active, contributing significantly to the growth and innovation of the Avalanche platform.

Recent social sentiment metrics from Lunarcrush underscore this engagement. As of May 14, 2025, Avalanche recorded over 55,000 social engagements, a Galaxy Score™ of 70, and an AltRank™ of 186—highlighting moderate yet rising traction among retail audiences. Notably, price action has correlated with social momentum, climbing 4.06% to \$25.80 in tandem with a surge in online discussions. These indicators suggest that Avalanche’s community strength is not only sustained but also plays a role in short-term market sentiment and token performance.





The network's growth is also reflected in its on-chain metrics. As of May 2025, Avalanche has recorded 8 million active addresses, demonstrating a substantial and expanding user base. The total number of transactions across all Avalanche Layer-1 blockchains has exceeded 2.25 billion, highlighting the significant activity occurring on the network. In February 2025, the daily active addresses count surpassed 250,000, indicating a sustained increase in network utilization.

Retail sentiment surrounding Avalanche is generally positive, driven by the platform's innovative technology and strong potential for future growth. There is considerable interest in AVAX for its staking rewards and the potential for price appreciation, fueled by the platform's expanding ecosystem and increasing adoption. The community actively engages in discussions and shares insights across various social media channels and online forums. While the overall sentiment is optimistic, some concerns remain within the community regarding the level of centralization and the intense competition within the blockchain space.

Institutional sentiment towards Avalanche is increasingly positive, marked by growing interest in its enterprise-grade solutions and capabilities for real-world asset tokenization. This is evidenced by strategic partnerships with major financial institutions such as Deloitte, Citi, and JP Morgan, which are exploring and implementing blockchain solutions on Avalanche. The platform is also witnessing the launch of institutional-grade asset platforms and various tokenization projects, further indicating its appeal to traditional finance. The recent filing for Avalanche ETFs in the United States suggests a growing demand from institutional investors seeking regulated and accessible exposure to the AVAX token and the Avalanche ecosystem.



Concluding Insights and Recommendations

Avalanche now supports over 137 production subnets (plus more than 5,400 in testnets) yet more than 90 percent of its DeFi activity remains on the C-Chain, which holds roughly \$1.44 billion in TVL. The network secures itself with 1,539 active validators and 248 million AVAX staked—about 57 percent of its circulating supply. Recent protocol improvements under the Avalanche9000 roadmap promise lower latency and higher throughput. At the same time, the Avalanche Foundation's Multiverse incentive program has earmarked up to \$290 million in AVAX rewards to spur subnet growth, while ongoing token vesting will unlock 43 million AVAX over the next 12 months.

Despite these strengths, key risks persist:

➔ Ecosystem Concentration

Subnet proliferation has yet to translate into material liquidity diversification. Most custom chains remain in development or test phases and have not drawn significant user activity.

➔ Incentive-Driven Volatility

Heavy reliance on AVAX rewards can drive temporary TVL spikes. Sustainable, fee-driven network revenue is still limited.

➔ Competitive Layer-1 and Layer-2 Solutions

Ethereum rollups such as Base and OP Mainnet operate as Layer-2 extensions of Ethereum rather than standalone Layer-1 chains. Still, they compete for the same DeFi and NFT use cases and benefit from Ethereum's security and liquidity.

➔ Regulatory Uncertainty

Although AVAX is not currently classified as a security by the SEC, evolving rules under the U.S. SEC and Europe's MiCA regime could alter token utility treatment and institutional demand.



Critical Milestones to Monitor

Real-world mainnet performance of Avalanche9000 upgrades, including sustained latency below 1 second and consistent block times.

Organic TVL growth in non-incentivized subnets focused on real-world asset tokenization or enterprise data services.

Major enterprise and institutional partnerships that translate into measurable on-chain volume.

Official guidance on utility token classification from the SEC and EU regulators.

Governance engagement metrics, such as proposal turnout and stake-weighted voting distribution.



Relevant Links



- ➔ **Official Website:**
<https://www.avax.network/>
- ➔ **Documentation:**
<https://build.avax.network/docs>
- ➔ **GitHub:**
<https://github.com/ava-labs>
- ➔ **Explorers:**
<https://explorer.avax.network/>, <https://avascan.info/>
- ➔ **Blog:**
<https://www.avax.network/blog>, <https://blog.avalabs.org/>

Primary Social Media Accounts

- ➔ **X (Twitter)**
<https://twitter.com/avalancheavax>
- ➔ **Discord**
<https://discord.com/invite/avax>



Alpha Node

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Alpha Node Global is a regulated Australian crypto investment manager and licensed trustee, providing institutional-grade access to digital asset markets. Operating under the Australian Financial Services Licence (AFSL), we specialise in building secure, compliant, and actively managed investment solutions across DeFi, blockchain infrastructure, and the broader digital asset ecosystem.

Our mission is to bridge traditional finance with the digital economy offering smart, transparent, and future-ready financial products that enable institutions and high-net-worth investors to invest, stake, and store digital assets with confidence.

At Alpha Node, we uphold the highest standards of governance, compliance, and capital management. Our commitment to transparency, security, and fiduciary responsibility sets us apart in a fast-moving industry, positioning us as a trusted partner for those looking to navigate the future of finance.



Let's Talk

Whether you're growing your portfolio or expanding your advisory capabilities, our team is here to support your vision.

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