Solana and XRP ETFs Explained

How two assets nobody expected to clear the bar got listed funds — the rule change that opened the door, the staking question, and what approval has and has not delivered.

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For years the assumption was that spot crypto exchange-traded funds would remain a two-asset club. Bitcoin cleared the regulatory bar in early 2024, ether followed months later, and the widespread expectation was that anything further would take years of case-by-case argument. That expectation was wrong, and the reason has less to do with Solana or XRP specifically than with a procedural change that quietly rewrote how these products get listed at all. This report explains what happened, what the two funds actually hold, the staking question that makes the Solana product structurally different, and the uncomfortable gap between what approval was supposed to deliver and what it has. It assumes you know what a spot bitcoin ETF is.

AT A GLANCE

WHAT CHANGED	EFFECT	SOLANA FUNDS
Generic listing standards, 2025	**Rules-based, not case-by-case**	**Live since late 2025**

XRP FUNDS	KEY DIFFERENCE	THE LESSON
Followed shortly after	**Solana can stake; XRP cannot**	**Approval is access, not demand**

01

The rule change that did the work

The important development was not any single fund approval. In September 2025 the Securities and Exchange Commission approved *generic listing standards* for commodity-based trust shares, allowing exchanges to list qualifying products under a common rulebook rather than seeking individual permission for each one. The practical effect was to convert a slow, discretionary, asset-by-asset review into something closer to a checklist — and to compress the timeline dramatically, from a process measured in the better part of a year to one measured in a couple of months.

This is why the ETF universe expanded so suddenly. Under the old regime, each new asset required the regulator to be persuaded afresh; under the new one, an asset that meets the published criteria can be listed without that argument being re-run. Understanding this reframes the entire story: Solana and XRP did not win a regulatory argument on their individual merits so much as become eligible under a standard written for a category. The gatekeeping moved from the asset to the criteria.

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What qualifies an asset

The standards set out objective conditions, and an asset generally needs to satisfy at least one. The most consequential in practice is the existence of a regulated futures market in the asset with a meaningful trading history — the reasoning being that a surveilled derivatives market gives regulators a window into pricing and manipulation that a purely offshore spot market does not. Related routes include the asset already trading on a regulated market, or already forming a substantial share of an existing listed product.

Two implications follow. First, eligibility is largely a function of market *infrastructure* rather than of a token's technology or use case — an asset with mature regulated derivatives can qualify while a technically impressive one without them cannot. Second, this is a mechanism that other assets can grow into: build the regulated futures history, and the door opens on a timetable rather than a judgement. That is the substantive reason to expect further listings, and a better basis for anticipating them than speculation about which token a regulator happens to favour.

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What the Solana funds hold

Mechanically, a spot Solana ETF works exactly as its bitcoin predecessor does: the fund holds SOL with a qualified custodian, issues shares representing a claim on it, and relies on authorised participants creating and redeeming shares to keep the share price near the value of the underlying. Nothing about the wrapper is novel.

What is novel is what the fund may do with the asset. Solana is a proof-of-stake network, so its tokens can be staked to earn rewards — and unlike the earlier ether products, which launched unable to stake, several Solana funds have been permitted to stake their holdings and pass the resulting rewards through to shareholders, a step made workable by tax guidance clarifying the treatment. This materially changes the product: a fund that stakes can offset part of its management fee with protocol rewards, so the cost of holding the wrapper rather than the asset is smaller than the headline fee suggests. It also imports the corresponding risks — validator performance, penalties for validator failure, and the fact that staked assets are not instantly available, which sits awkwardly against a fund's obligation to meet redemptions. The trade-offs are those set out in what is an Ethereum ETF, now actually in play rather than hypothetical.

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What the XRP funds hold — and cannot do

The XRP products follow the same wrapper: spot XRP held in custody, shares issued against it, creation and redemption keeping the price honest. The difference is that XRP offers no staking mechanism of the kind Solana has, so there is no protocol yield for a fund to capture and pass on. An XRP ETF is therefore a purer price-tracking instrument — its total cost to a holder is simply the management fee, with nothing offsetting it.

That simplicity is not a defect; it makes the product easier to evaluate, and for an investor who wants price exposure through a brokerage account it is exactly what is on offer. But it does mean the two funds discussed here are not equivalent products with different tickers. One holds a productive asset and may pass through part of its yield; the other holds a non-yielding one. When comparing fees between them, that asymmetry matters more than the headline expense ratio, and it is the single most useful thing to understand before choosing between them.

> *Approval did not make these assets better investments. It made them reachable — by accounts and institutions that were structurally barred from holding them before. Access and demand are different things, and conflating them has cost people money.*

05

The record so far

Here is the part most coverage skips. The prevailing narrative before these listings was that ETF approval would function as a price catalyst: institutional access would arrive, allocations would follow, and the asset would re-rate. The subsequent record has been considerably more sober. Both assets have spent much of the period since approval trading well below their prior cycle highs, and Solana in particular has been substantially lower a year on than it was before the listings arrived.

This does not mean the products failed — they have gathered real assets and function as designed. It means the causal story was wrong. An ETF creates a *channel* for capital; it does not create the desire to allocate. Whether money flows through that channel depends on the market's appetite for the asset, which is governed by everything an ETF does not touch: the network's fundamentals, the cycle, competing opportunities, and the macro backdrop. The bitcoin experience, where approval coincided with substantial inflows, was read as a template. It is better read as one outcome among several, and the lesson generalises: approval guarantees plumbing, not enthusiasm. How to read the flows that do arrive is covered in what are bitcoin ETF flows.

06

What these funds genuinely change

Set the price narrative aside and real structural changes remain. Advisers, wealth platforms, and institutions operating under mandates that permit listed securities but not direct crypto holdings can now hold these assets, which is a genuine expansion of the addressable buyer base. Retirement and tax-advantaged accounts that could not accommodate a token can accommodate a fund. Custody, key management, and exchange onboarding — the operational obstacles that stop many people before they start — disappear entirely.

There is also a signalling effect worth naming without overstating: an asset with a regulated listed product occupies a different position in the eyes of conservative allocators than one without, regardless of whether that distinction is intellectually justified. And the products generate published flow data, giving observers a measurable series for institutional demand in these assets that simply did not exist before. Those are real changes. None of them is a reason to expect a particular price outcome.

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What they do not change

The volatility is identical. A wrapper regulated by a securities regulator holds an asset that behaves exactly as it always did, and the fund's share price falls precisely as far as the token does — a point worth repeating because the familiar packaging genuinely misleads people into feeling the risk has been softened. It has not; only the custody and administration have changed.

Nor does the wrapper resolve anything about the underlying investment case. Solana's prospects still depend on network usage, competition, and its record of reliability; XRP's still depend on adoption of its payment corridors and the regulatory environment around them. And holding either through a fund strips out everything the assets do natively: you cannot stake SOL yourself, use either on-chain, or move them. You hold price exposure and nothing else — which for many people is precisely the intention, but should be a choice rather than a discovery.

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How to evaluate one

Four questions separate an informed purchase from a guess. First, does the fund stake, and if so what share of rewards reaches shareholders after the fund and its staking provider take their cut? For Solana products this is the most consequential difference between competitors, and it is disclosed in fund documentation rather than in marketing. Second, what is the total cost — the management fee, net of any staking yield passed through, which is the only comparison that means anything.

Third, who custodies the assets and under what protections, a question our note on crypto custody addresses. And fourth, the question that precedes all of them: do you want exposure to this asset at all? An ETF is a delivery mechanism, and choosing one is a decision about *how* to hold something you have already decided to own. If the fund's existence is itself your reason for buying, the analysis has been done backwards — and the record since these listings arrived is the strongest available argument for doing it in the right order, in the manner our note on evaluating a cryptocurrency sets out.

> *"Hope deferred maketh the heart sick: but when the desire cometh, it is a tree of life."*
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> PROVERBS 13:12

Methodology & Sources

This report describes a regulatory development and two categories of product as at the date of publication; it deliberately contains no fund names, tickers, expense ratios, assets under management, staking yields, flow figures, or token prices, all of which vary by issuer and change continuously — consult current fund prospectuses and primary market data before acting. Two dated facts are asserted, both matters of public record: the Securities and Exchange Commission approved generic listing standards for commodity-based trust shares in September 2025, and spot Solana products began trading in the United States in late 2025, with spot XRP products following. The characterisation of those standards — that they permit listing under common criteria rather than individual case-by-case review, materially shortening the timeline, with eligibility resting principally on the existence of regulated futures markets or equivalent conditions — reflects the published rule and contemporaneous reporting; readers should consult the Commission's own materials for the operative criteria, which may be amended. The statement that certain Solana funds stake holdings and pass rewards to shareholders reflects reported practice enabled by tax guidance; arrangements differ between funds and are subject to change, and XRP has no equivalent staking mechanism. The observation that approval has not functioned as a reliable price catalyst is a directional characterisation of the period since listing, not a prediction; past performance does not indicate future results. Nothing here is a recommendation regarding any fund, asset, or trade.

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