The CLARITY Act: Sell the News, or the Catalyst?

What passage would actually mean for Bitcoin — bull, base, and bear for the moment Washington finally delivers.

Bitcoin ≈ $64,000 (Coinbase spot) · 29 July 2026 · This note takes no position on whether or when the bill passes.

44%

The share of every Bitcoin on every exchange in the world that a **0.25%** allocation from US advisor platforms would need to buy — a quarter of the industry's own published minimum guidance. The shelves are at an 8.5-year low.

THE QUESTION

Washington argues about whether. The better question is what happens after.

For two years, the Digital Asset Market Clarity Act — the CLARITY Act — has been the most argued-about bill in crypto. It has passed the House, stalled in the Senate, missed deadline after promised deadline, and consumed millions of dollars of prediction-market betting on *whether* and *when* it becomes law.

Over the past week, the noise peaked. BlackRock, Fidelity, Franklin Templeton, and Goldman Sachs — the largest asset managers in the world — publicly endorsed the bill within days of each other. The Treasury Secretary said Congress was at the "1-yard line." We published our own analysis of the bill's odds separately (CLARITY's Endgame, updating the June probability note), and this note deliberately is not that. Handicapping Congress is one job.

This note does the other job, the one that matters more to anyone who owns Bitcoin or is deciding whether to: **suppose it passes. What actually happens?**

The honest answer requires walking through four things in order: what the bill really changes for Bitcoin, what history says about days-after moments like this one, how much Bitcoin is actually available to buy, and how much money might show up to buy it. At the end we put it together into three scenarios — bear, base, and bull — each with a checklist of signs, so that whichever future arrives, you can tell which one you're in while it's happening.

THE BILL

The bill sorts everything — except Bitcoin, which was already sorted.

The CLARITY Act's main job is sorting. It takes the thousands of digital tokens in existence and sorts them into legal buckets: some are commodities (overseen by the CFTC, the agency that watches gold and oil markets), some are securities (overseen by the SEC, like stocks), and payment stablecoins get bank-style oversight. For most of crypto, this sorting is everything — it decides which regulator can shut you down.

Here is the twist most commentary misses: **Bitcoin is the one asset that is already sorted.** Courts and regulators long ago agreed Bitcoin is a commodity. The bill writes that into statute, but on day one it changes Bitcoin's legal status less than it changes almost anything else in crypto.

So why would it matter for Bitcoin at all? Three doors:

Door one: banks get to hold Bitcoin for you. The bill lets banks and credit unions offer digital-asset custody — safekeeping — as a standard service. Some of this is already happening under regulator guidance: Citi is building a custody service for launch this year; BNY already offers one. But there is a crucial difference between *guidance* and *law*. Guidance is a permission slip from the current administration's appointees; it can be revoked by the next one's — and banks that announced crypto plans in 2021 watched exactly that movie. A statute survives elections. For the compliance departments and pension consultants who control the biggest pools of money in the world, that permanence is the actual product.

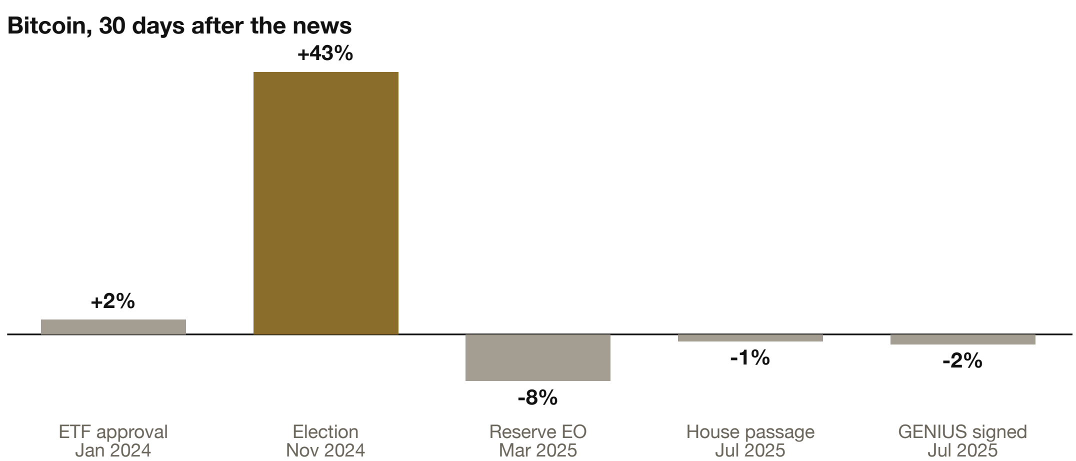
Door two: it clears the road for the bill that *does* target Bitcoin. A Strategic Bitcoin Reserve already exists on paper — created by executive order in March 2025 — but it holds only coins the government seized in criminal cases. It buys nothing. The buying is in a different bill: the BITCOIN Act would direct the Treasury to acquire one million Bitcoin over five years. CLARITY doesn't authorize a single purchase. But a Senate that can find sixty votes for crypto market-structure law is a Senate where the acquisition bill's chances jump. Keep the size of that in mind: one million coins over five years is 200,000 per year — **more than every newly mined Bitcoin in the world combined** (about 164,000 per year, falling by half after the 2028 halving).

Door three: the starting gun. Nothing in the bill forces anyone to buy anything. But surveys, endorsements, and the industry's own allocation guidance (more on this below) all describe a crowd waiting on regulatory certainty. If they mean it, passage is the signal they said they were waiting for.

THE HISTORY

Markets have paid for regimes and flows. They have never paid for frameworks.

You would think a landmark crypto law passing would move Bitcoin's price. History's answer is uncomfortable, so we show all of it. We looked at every major US regulatory moment of this era and measured what Bitcoin did next:



The market paid for one regime change — and for nothing else. Even the Reserve's creation sold off. Sources: CoinMetrics; events dated in text.

One of these is not like the others. The election — a wholesale change of government promising a crypto-friendly cabinet, agencies, and agenda — was worth 46% inside a month. Every *bill* and *framework* since has been worth approximately nothing. Even the creation of the Strategic

Bitcoin Reserve itself — the most Bitcoin-specific policy announcement in American history — was followed by a 13% slide over five days, because traders opened the order and found no purchases inside.

A fair objection: maybe the bills did nothing because the election had already paid for them in advance. Markets price the future; by the time the House passed CLARITY, Bitcoin sat 76% above its election-eve price. Under that reading, the bills weren't worthless — they were receipts for something already bought.

We tested that. If "already priced" explains the silence, then *surprises* — moves the market didn't see coming — should still move the price. So we did the granular version: we lined up thirteen months of daily prices from the betting markets where traders wager real money on CLARITY's passage, and measured whether Bitcoin's daily moves tracked the odds. Across 366 days — including 142 days when the odds jumped or crashed by meaningful amounts — the relationship is statistically indistinguishable from zero. This year, with the odds low enough that good news is genuinely surprising, the three biggest single-day surges in passage odds moved Bitcoin −0.8%, −0.7%, and +1.5%. Coin flips.

Two honest caveats before you conclude anything. First, crypto *stocks* are a different story — Coinbase jumped 5.4% the day after the House vote (and gave back 20% within a month; "buy the rumor, sell the news" is a documented pattern for the equities). Second — and this matters — **we don't fully trust these betting markets as the final word.** Two years of promised-then-delayed votes means their prices carry a heavy dose of timing cynicism; the contracts mix up "will it pass" with "will it pass *by this date*"; and the sums wagered are modest for a question this size. The tape is evidence about one narrow thing: the market does not currently believe this bill, by itself, causes money to move into Bitcoin. Whether the market is *right* is exactly what the rest of this note is about.

THE SUPPLY

The shelves are the emptiest they have been in eight and a half years.

Start with what a buyer faces. Bitcoin's total supply is famous — about 19.9 million coins, hard-capped at 21 million. But most of it isn't for sale at any given moment. The best visible measure of sellable inventory is the amount sitting on exchanges — the coins already on the shelf, where a buyer's order can reach them.

Every earlier bear refilled the shelves. This one kept draining them: −178,000 coins in twelve months while the price halved. Source: CoinMetrics tracked-exchange supply.

Bitcoin on exchanges peaked at 3.18 million coins in July 2021. Today the shelf holds about 2.65 million — the lowest level in our entire data window, which begins in 2018. At $64,000 per coin, the whole shelf is worth roughly $170 billion.

−178,000 coins left the shelves in twelve months — during a bear market.

In every previous Bitcoin bear — 2018, 2020, 2022 — discouraged holders refilled exchange shelves. This is the first bear market in which the shelf kept draining while the price was cut in half.

Whatever one thinks that means, the physical fact is that the next wave of demand, whenever it comes, will arrive at the thinnest visible supply in Bitcoin's modern history. Meanwhile the mines restock slowly: about 164,000 new coins per year — roughly $10.5 billion worth — and half that after 2028. Bitcoin's supply doesn't respond to demand. That is the entire design.

THE DEMAND

The buyers wrote down "1 to 2 percent."

Now the other side of the ledger. Who shows up if the certainty arrives, and with how much?

Rule out one group first: **the banks themselves, roughly zero.** Custody means holding *your* coins, like a coat check — it requires the bank to buy nothing. And banks' own trading exposure to crypto is throttled by international capital rules that make Bitcoin punishingly expensive for a bank balance sheet to hold. CLARITY doesn't touch those rules. The banks are building the pipes, not filling them.

The money is behind the pipes: the advisor-managed and institutional wealth that compliance rules have kept out. US financial-advisor platforms — the wirehouses and registered advisors who manage ordinary Americans' portfolios — oversee roughly $30 trillion. Surveys say the intent is real: in a January poll of over 350 institutions, roughly three quarters planned to increase digital-asset exposure this year, and 65% named regulatory clarity as the single biggest factor in that decision. And the scale isn't our invention: BlackRock — the largest asset manager on earth — has published portfolio guidance describing an allocation of 1–2% to Bitcoin as reasonable.

So run the scenarios on the conservative $30 trillion base, using the industry's own numbers:

ALLOCATION	MONEY	COINS AT $64K	COMPARED TO…
0.25% — a quarter of the published floor	$75B	1.17M	**44% of every coin on every exchange; 2× the ETFs' record first year**
0.5%	$150B	2.34M	~88% of all exchange coins; 14 years of new mining
1% — the published floor itself	$300B	4.69M	**more coins than visibly exist for sale anywhere**

Read that last row again. At today's price, the industry's own *minimum* published guidance, applied to one country's advisor platforms, demands more Bitcoin than the world's exchanges hold — nearly a quarter of every Bitcoin in existence.

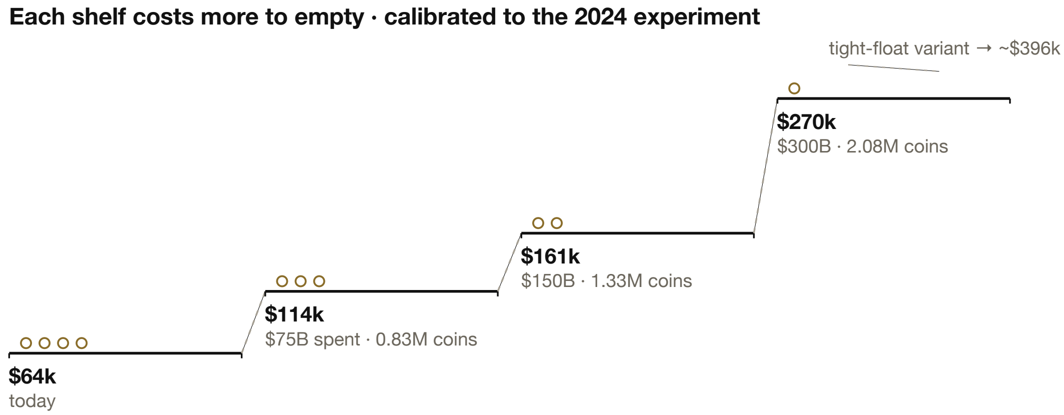
Which raises the question this entire note has been building toward. What happens to a price when demand is larger than the shelf?

THE PHYSICS

Big money can't buy at today's price. That is not a slogan; it is the mechanism.

Here is the part that sounds like a paradox until it clicks: **$300 billion cannot buy $300 billion worth of Bitcoin at $64,000.** Nobody can. The moment serious buying begins, the shelf empties, and the only way to coax more coins loose is to offer their owners a price that changes their minds. Price is not the *result* of this process. Price is the *mechanism* — it rises until enough holders become sellers, and it stops when the buyer's money runs out.

So the real question is: how much does each new wave of coins cost to shake loose? Wonderfully, we don't have to guess — **this exact experiment already ran, at one-quarter scale.** In 2024, a new class of programmatic buyers (the spot ETFs plus corporate treasuries) spent roughly $60 billion and managed to pry loose about one million coins. The price of doing so: Bitcoin went from $43,000 to a December peak of $106,000 (it closed the year near $93,000 — we use the peak, which is the generous reading for how far $60 billion reached). Roughly speaking, each doubling of the price convinced about a million coins' worth of holders to sell.



Roughly one million coins have come loose per price doubling. A $300B order climbs to ~$270,000 and still fills less than half its shopping list.

Take that measured exchange rate and run the scenarios up the staircase from $64,000. $75 billion climbs to roughly $114,000 before it is spent — and acquires 0.83 million coins, not the 1.17 million the buyer "ordered." $150 billion reaches about $161,000. And $300 billion reaches roughly $270,000 — over four times today's price — while only ever acquiring about 2.1 million coins, at an average cost of $144,000 each. Less than half the original shopping list. If the staircase is steeper now — a fair suspicion, given shelves at 8.5-year lows and still draining — the same $300 billion pushes toward $400,000 while acquiring even less.

The buyer never gets their coins. The market reprices until the order no longer fits.

Whatever the buyer did acquire early has appreciated so much that, in portfolio terms, the allocation completes itself. That is what fixed supply arithmetically means when it collides with an order of this size.

THE MEASUREMENT

Five rulers, one overlap.

A single model proving its own conclusion should make you suspicious — it makes us suspicious. There is no exact math for a demand shock like this. What there is, is *triangulation*: measure the same scenario with several independent rulers, each built from different assumptions, and see whether they agree. We used five.

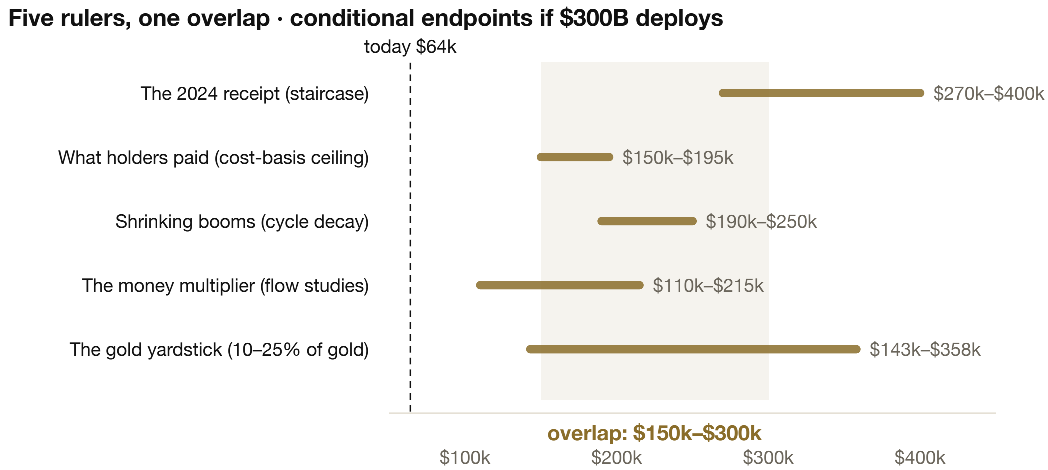
Ruler 1 — the 2024 receipt. The staircase model above, calibrated to the one time this experiment actually ran. Reads: $270k–$400k.

Ruler 2 — what holders paid. Add up the price every coin last moved at and you get Bitcoin's collective cost basis — about $1.05 trillion, roughly $53,000 per coin. Historically, bull markets have exhausted themselves when the market's total value stretched to about 2.3–3× that cost basis (holders sitting on triple-your-money gains start selling in size). Add $300 billion of new, higher-cost purchases to the basis and apply the historical ceiling. Reads: $150k–$195k.

Ruler 3 — the law of shrinking booms. Every Bitcoin cycle's peak has been a smaller multiple of its low than the last: roughly 120×, then 21×, then 8×. If the fade continues, the next cycle manages 3–4× from its low. If the recent $62,600 print was the low, that reads: $190k–$250k.

Ruler 4 — the money multiplier. Researchers — including the Bank for International Settlements, in a working paper titled *The Crypto Multiplier* — have modeled how each net dollar entering Bitcoin moves total market value by several dollars; industry estimates run from roughly 3× to well past 10×. Applied conservatively (3–10×) to $300 billion. Reads: $110k–$215k.

Ruler 5 — the gold yardstick. Bitcoin's market value today is about 5% of all the gold ever mined (roughly $28 trillion at 2026 gold prices). Its entire investment thesis, in one sentence, is that this share rises. At 10% of gold: about $143,000. At 25%: about $358,000.



Five methods, five different logics. Not price targets — measurements of one hypothetical, made five ways.

Five rulers, built from different logic — a supply staircase, holder psychology, cycle history, flow studies, and a cross-asset comparison. They overlap between roughly $150,000 and $300,000, with the tightest-supply variant stretching toward $400,000. Even the single most conservative ruler more than doubles the price.

Now the honesty, in full. These five rulers are not fully independent — all of them lean on Bitcoin's own history, and a genuine break with that history could snap every one of them, in either direction. The binding uncertainty was never the price math; it is *whether and how fast the money actually moves* — $300 billion drifting in over four years, with profit-takers restocking the shelf along the way, lands far below $300 billion arriving in eighteen months. Rallies of this size also cut both ways: rising prices attract copycat money (our own research shows Bitcoin fund flows *chase* returns), but a tripling also converts millions of long-term holders into sellers — which is precisely how the last top formed. And so, per this desk's standing rule: **these are conditional endpoints, not price targets.** We are not predicting $270,000 Bitcoin. We are reporting what five different rulers say a specific, hypothetical, industry-guidance-sized wave of demand would do if it actually arrived.

THE CATCH

In the short run, the price decides what the bill gets to mean.

If the earthquake math is real, why did every previous "landmark day" fizzle? Because between the signing ceremony and the flows stand three gaps — and one price level.

The gap between permission and action. Allocation committees move in quarters, not news cycles. The ETF experience is instructive: approval day itself moved Bitcoin less than 1%;

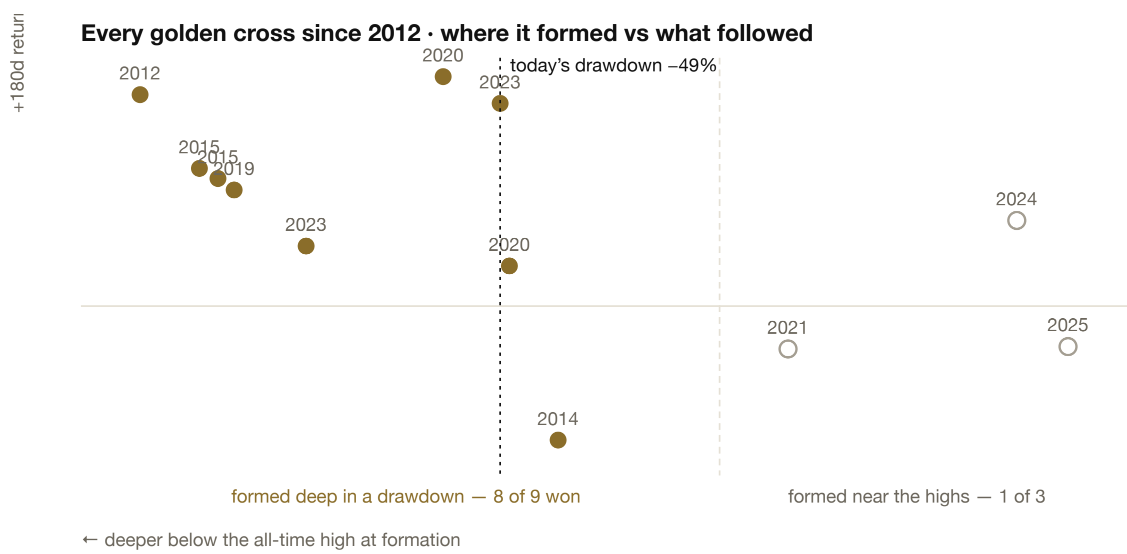
the $35 billion arrived over the following *year*. Even in the bullish case, the flows in this note are a 2027 story that begins in September.

The gap between the bill and the money. The custody pipe is partially open already — Citi didn't wait for CLARITY, and the pensions that truly can't act without statute are exactly the slow money. Passage may accelerate what was already coming rather than create something new. (This, in one sentence, is what the betting-market tape has been claiming all along.)

The sell-the-news gap. Both 2025 legislative wins saw crypto stocks pop and round-trip within a month. Traders who bought ahead of the ceremony sell into it. Expect the same reflex.

And the price level: $72,000. Traders across every market watch the 200-day moving average — simply the average of the last 200 days' closing prices, a slow line that summarizes the long-term trend. Bitcoin's sits near $71,900, about 12% above the price. When the *short*-term trend line (the 50-day average) climbs back above the 200-day line, that event is called a golden cross — the classic mechanical signal that a downtrend has ended, watched (and traded) by enormous pools of trend-following money.

We tested every daily golden cross in Bitcoin's history — all twelve since 2012 — and found they come in two flavors:



Solid gold: crosses formed >30% below the peak. Hollow gray: crosses formed near the highs — including May 2025, the trap that preceded this drawdown. Source: full daily history, all twelve events.

Crosses that formed near all-time highs were traps: three of them, all losers, including the most recent one in May 2025, which preceded the current 50% drawdown. But crosses that formed while climbing out of *deep* drawdowns — more than 30% below the peak — went eight for nine, with a median gain of +53% over the next six months. Today's drawdown is 49% — by coincidence, to the decimal, the same depth as the October 2023 cross that opened the last bull run.

The mechanics: if passage lands while Bitcoin sits near $70,000, even a modest pop reclaims the 200-day line, and holding it for four to seven weeks prints a deep-drawdown golden cross — historically the highest-probability setup in this asset — at which point the "new bull market" story writes itself and trend-following money acts on it mechanically. If passage lands with Bitcoin at $63,000, none of this triggers, and the day likely joins the long list of fizzles.

Notice what that means, because it is the note's most counterintuitive finding: **in the short run, the bill doesn't rescue the price — the price decides what the bill gets to mean.**

THE THREE FUTURES

Three futures, each with a checklist.

Everything above compresses into three scenarios — all *conditional on passage*, none a bet on whether passage happens. The weights are ours and should be argued with; the weight on the bull case in particular swings on where the price sits when the vote lands.

Sell the confirmation

≈30% · conditional on passage

The GENIUS pattern repeats. A brief pop fades within days; crypto stocks rally and round-trip; ETF flows don't budge because the money that wanted in was already in motion; the price sits too far below $72,000 for anything technical to trigger; macro reasserts itself as the only story, and the lows get retested. The bill joins the ETF approval as a thing that mattered enormously over years and not at all in the moment.

YOU'LL KNOW BY:

- ETF net flows flat-to-negative in week one
- price back below its pre-announcement level inside ten sessions
- odds on the reserve-purchase bill unmoved
- crypto stocks give back half their pop within a month

The slow pipe

≈45% · conditional on passage

The announcement lands inside the small range history suggests. Then the machinery starts: platform approvals, custody launches, allocation-committee meetings — the boring quarterly grind by which $30 trillion actually moves. Flows build through 2027 and are absorbed by a drained shelf without daily fireworks; Bitcoin's path keeps tracking global liquidity, with the bill as a rising tide under it. The earthquake arithmetic doesn't fail — it stretches over years, and the endpoint compresses accordingly.

YOU'LL KNOW BY:

- named wirehouse/platform approvals within 90 days
- ETF inflows re-accelerate, but below 2024's peak pace
- reserve-bill odds drift up slowly
- Bitcoin keeps tracking the liquidity cycle it has followed all year

Regime completion

≈25% · conditional on passage — and rising with the price

The market reads passage the way it read the election — the only regulatory event it ever paid for — as a *regime* event: the moment US crypto policy became durable law no future administration can casually undo. If the price has coiled near $70,000 by the vote, the pop itself reclaims the 200-day line; weeks of holding print an eight-for-nine golden cross; trend money and narrative compound it; the allocation wave begins arriving at the emptiest shelves in eight years; and Washington's next act — the million-coin reserve bill, a buyer bigger than all the world's miners combined — starts getting priced while it is still a bill. This is the branch where the five rulers' overlap zone stops being hypothetical arithmetic.

YOU'LL KNOW BY:

- a decisive close above the prior week's high on heavy ETF volume
- the $72,000 reclaim holds for two-plus weeks
- reserve-bill odds jump
- exchange balances resume draining

THE BOTTOM LINE

The honest bottom line.

Strip it to three sentences.

The day after will probably underwhelm — every framework day has, the market's own pricing says this one will too, and in the short run the price level, not the bill, decides whether anything technical ignites.

The years after are where the asymmetry lives — a supply structure at its tightest in modern history, an industry whose own minimum guidance implies more demand than the visible float can satisfy, a possible government buyer larger than global mining, and five independent rulers agreeing that if even the conservative version of that demand materializes, today's price is not in the neighborhood of the answer.

The expected value is therefore dominated by the tail. A modest-probability branch whose endpoint is measured in multiples outweighs high-probability branches measured in single digits. That is not a price target — this note deliberately publishes none. It is an asymmetry statement, and it is scoreable: we have listed the markers for each scenario, and we will grade this note against them in public, whichever future shows up.

The politicians have spent two years teaching everyone to ignore this bill. The arithmetic suggests that the day they finally stop delaying, the interesting question was never whether the ceremony moves the price 3%. It's that somewhere behind the ceremony, a $30 trillion industry wrote down "1 to 2 percent" — and there are 2.65 million coins on the shelf.

Method notes. Betting-market price histories from Polymarket's public archive (2025 and 2026 contracts, daily, 13 months). Bitcoin prices from CoinMetrics community data (2010–present) and Coinbase. Exchange balances from CoinMetrics (SplyExNtv, tracked-exchange universe — vendor definitions vary; the trend is robust across sources). Flow elasticity from this desk's ETF flow engine (≈30bp per 1,000 BTC net flow, with the documented caveat that flows chase returns). Moving-average and golden-cross statistics computed from the full daily history; all twelve events shown, failures included. Cost-basis figures from CoinMetrics MVRV (vendor definitions of MVRV differ; cycle-top levels cited are indicative, not settled constants). Flow-multiplier range per Bank for International Settlements Working Paper No. 1104 and industry estimates. As a control, the odds-tracking test was also run on Ethereum — likewise statistically zero — meaning either no asset in the complex carries daily CLARITY sensitivity or the odds series is too noisy to detect it; either reading supports treating betting-market evidence as one input rather than a verdict. All scenario arithmetic is conditional and assumption-labeled in the text. Analysis code and raw data pulls are archived with this note. This note takes no position on whether or when the CLARITY Act passes.

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securities discussed in its research, including crypto-linked equities. This note analyzes a scenario in which Bitcoin appreciates, and the Fund would benefit from such appreciation. Material conflicts are disclosed where they exist. The Fund receives no compensation from any party in connection with its research.

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