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Buyer: **FALCONX**

### FalconX Acquires Arbelos Markets for an Undisclosed Amount

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#### Transaction Overview

On January 3, 2025, FalconX, a crypto prime brokerage firm, announced its acquisition of Arbelos Markets, a crypto-focused trading firm that provides principal liquidity across the crypto derivatives market, for an undisclosed valuation

#### Target: Arbelos Market

Arbelos Markets, established in 2023, specializes in providing liquidity solutions for cryptocurrency derivatives markets. The company offers a range of services, including spot trading, options, and futures contracts. Additionally, it operates a bilateral trading platform and provides advisory services focused on cryptocurrency hedging and yield optimization strategies.

Since its inception, Arbelos Markets has been delivering derivatives trading across both exchange-traded and bilateral markets. The firm has consistently maintained its position as a global liquidity provider for large options blocks by facilitating access to highly liquid trading opportunities across crypto-native platforms, traditional financial venues, and on-chain protocols.

Founded in 2023 by Joshua Lim and Shiliang Tang and headquartered in the British Virgin Islands, the company previously raised \$56 million in seed funding, with \$28 million coming from debt. Dragonfly Capital led the round, with participation from FalconX, Paxos, Deribit, StarkWare,

Immutable, Chorus One, P2 Ventures, Circle Ventures, Room40 Ventures, Selini Capital, and Breed VC.

#### Buyer: FalconX

FalconX is a digital asset prime brokerage providing trading, financing, and technology solutions to institutional clients. Its offerings include: 1) FalconX 360, an end-to-end platform supporting the trade lifecycle, 2) derivatives products, 3) financing solutions, and 4) FX services for fiat and crypto-fiat pairs.

FalconX Bravo, an affiliate of FalconX, became the first CFTC-registered swap dealer focused exclusively on cryptocurrency derivatives.

As of July 1, 2024, FalconX had executed over \$1.5 trillion in trading volume, served more than 600 institutional clients, and provided access to 400+ tokens. In early 2024, the company facilitated over 30% of total BTC creation purchases for ETF sponsors on their inaugural trading day.

Founded in 2018 by Prabhakar Reddy and Raghu Yarlagadda and headquartered in San Mateo, California, FalconX employs over 380 people across offices in New York City, San Francisco, London, Malta, Bangalore, Hong Kong, and Singapore. The company has raised \$477 million across eight funding rounds, with backing from B Capital, Altimeter Capital, Accel, Tiger Global, and American Express Ventures, among others. FalconX was last valued at \$8 billion in 2022.

#### Transaction Parameters

FalconX closed on the acquisition of Arbelos Market for an undisclosed amount through a mix of cash and stock.

Previous comparable transactions include: Stillman Digital | DeFi Technologies, Flovtec | STS Digital, CTF Capital | Borderless Capital, FairX | Coinbase, ErisX | CBOE



## Strategic Rationale

This acquisition strengthens FalconX's position as a leading player in institutional trading facilitation. By acquiring a block-trading and OTC derivatives market liquidity provider, FalconX is expanding the range of services available to its existing clients while bringing more of the trading cycle in-house. Moving operations in-house not only allows FalconX to capture an increased share of trade revenues but also ensures that client needs are consistently met.

Through this acquisition, FalconX enhances its OTC offerings, complementing its regulated services. The race for leadership in derivatives is intensifying, with several players aggressively expanding in this product segment. FalconX is broadening its product suite to position itself among the leading contenders in the market.

## Architect Partners' Observations

This is a logical deal, and we expect more of these to come due to several factors.

Derivatives are a higher-margin product than spot trading, so firms will look to expand their offerings as trading fees are compressed. A similar pattern occurred in U.S. equity trading once it became commoditized in the early 2000s—firms pushed to expand their higher-margin derivatives offerings, often through acquisitions.

There is more supply as several newly launched crypto derivatives firms, like Arbelos, D2X, and One Trading, have entered the market. It's a unique point in time where there is no dominant player preventing others from launching and finding traction.

There is growing demand as regulatory changes (e.g., ETF approvals) and (optimistically) upcoming crypto-friendly frameworks have increased institutional trading. Increasing demand means larger firms can now act more aggressively to acquire and feel confident they will not fall into the crosshairs of regulators while expanding their product offerings.

There are precedents. Coinbase bought FairX in 2022 (now Coinbase Derivatives), and CBOE acquired ErisX in 2021 (which they wrote down). Timing was a bit early on those deals due to the previously unseen regulatory changes, but we are now hearing that the timing looks more favorable.

## Sources

[PitchBook](#), [PR Newswire](#), [FalconX](#)