

Jito 2026 Q1 Quarterly Call

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So welcome everyone. I'm Sam from Blockworks Research. Today we're walking through Jito's Q1 2026 results with Lucas, Jito Labs CEO, and Brian, President of the Jito Foundation. Q1 was a structural shift for Jito. We saw BAM adoption accelerate, revenue diversified, institutional adoption expanding into Europe and Asia, and the team just unveiled JTX.

We'll walk through some of their competitive position dynamics, financials, and then look at where the business is heading. Onto the next slide. This highlights the agenda for today. So we'll start with the Q1 scorecard. We'll go through a range of topics and dynamics that surround Jito, and we'll close with an outlook as well as some Q&A.

So let's start with the headline numbers on the next slide. So BAM stake doubled to twenty-eight point one percent in a single quarter. Total protocol revenue [00:04:00] was two point three three million against nineteen point eight five million in gross tips processed, and JitoSOL ended with TVL of around one billion.

Most importantly, despite SOL price headwinds compressing USD revenue, the operational metrics are largely improving, and notably when measured in SOL terms, revenue was actually higher quarter over quarter. So Lucas and Brian, how would you characterize Q1 2026, and what are your key takeaways for the quarter?

Lucas: Yeah, I'll get started on this. Thanks for having us on here. Q1 was a really good catalyst and quarter for BAM. This is the fastest validator client adoption that we've seen for Jito. So as you mentioned, the stake running on BAM doubled from roughly fourteen percent to twenty-eight percent, and today it's right around thirty-one or thirty-two percent.

And the number of validators running BAM increased by fifty percent. So I think this shows that there's real demand for [00:05:00] what we're doing with BAM and this block building technology that favors applications and users. And, uh, we've seen this both on the validator adoption side and the plugin side, which we'll cover more later.

Brian: Yeah. And on the JitoSOL front, we made ongoing progress with kind of institutional distribution partners. So the first ever kind of LST-backed in particular, one hundred percent LST-backed ETP launched in Europe with JitoSOL exclusively through our partner, 21shares. There was an MoU with Hanwha, which people in the West may have heard of less, but is actually one of the largest asset managers in Korea.

And the goal there is to bring JitoSOL to institutional crypto players in the Korean market, and in particular, ideally inclusion in the ETPs that Korea will be launching in the next six months or so. And so these metrics aren't captured in TVL, just given the lag on kind of how institutional distribution works, but are kind of [00:06:00] core channels that we expect to drive the ongoing push for JitoSOL into institutional hands in the future.

So overall, the market environment from a price perspective was obviously challenging across the board in Solana for Q1, but the metrics that actually matter for Jito on a multi-year basis, especially the BAM adoption stats that Lucas touched on, were firmly in the right direction.

Sam: Perfect, and that brings us to the next slide.

So the scorecard gave us the headline numbers. So, so let's go a level deeper with the BAM market share chart on the right and the Jito LST market share on the left. As you just mentioned, BAM, Jito's new validated client. Can you walk us through what's driving adoption, particularly the JIP-31 subsidy program, and where you realistically see market share heading next quarter?

Can you also speak to the recent FireBAM announcement as a path to capture that around 12% of network stake that is running Frankendancer and Firedancer?

Lucas: Yeah. BAM adoption definitely exceeded our [00:07:00] expectations in quarter one. We are going through this bootstrapping of this two-sided marketplace again, and so we previously ran through this back in 2022, 2023, and 2024 with JitoSOL.

So we had a similar, uh, challenge there, where you are trying to bootstrap validators running your client and getting stake on board, and then getting people to exercise the functionality, which at the time was bundles. And so we're going through this again. We know how to do it. We've done it before. At the peak, JitoSOL was 95% of market share on the network, and so yeah, this is, uh, Q1 and into this quarter is definitely something that we're focused on.

We are super grateful for the support from validators in believing in us and, like, giving us the ability to prove this technology out. It's been super valuable to learn and iterate, and then also work with some of the applications, which we'll dive into [00:08:00] later. For JIP-31 and other DAO incentives, there's kind of two things that we've been doing.

So one is the JitoSOL delegation prioritizes delegating to validators running BAM, and we think that BAM and JitoSOL will make Solana better by doing this. The other thing that we've done is introduce JIP-31, which is essentially redirecting some of the protocol revenue to validators running BAM.

And so we've switched from this reinvestment angle to... Or a, a buyback angle to reinvestment angle starting I think last quarter. And so BAM is really valuable that once it reaches some critical mass of stake, and we are trying to essentially accelerate the adoption of BAM so that we can start to provide these benefits to applications and users.

And so these two things, both the, uh, if you run BAM, you get more stake, and then [00:09:00] also if you run BAM, you get some of the protocol revenue. Those put the validator revenue, uh, numbers pretty close to other clients. And then on FireBAM, so we've been working on FireBAM for the past few months. It's finally ready to run on Mainnet.

We've gotten a lot of interest from people running Frankendancer, Firedancer, and also Agave. And so right now, I think 8% of the network is running Frankendancer. These people really wanna spend time and spend their block space in SOL, looking at new technology and investing in it. And so we built FireBAM so that they can do that with the BAM software.

Another thing worth calling out that we just did, I think like a week or two ago, is we stood up another BAM node in Lithuania, and this bought us around 3 to 4% of stake immediately. So we know there's a lot of latent demand built up. We need to [00:10:00] set up more geographies and support more clients, and we think that these are some of the best levers to press on, in addition to continuing to build out some of these plugins and invest in better technology to increase the rewards.

Sam: Perfect. And that leads us into the next slide, where we look a bit more deeply into the competitive landscape that has two key fronts for Jito. Firstly, staying on validator clients, Jito in total sat at, at around 60% of network stake, versus Harmonic emerging as the first serious contender, ending the quarter at around 18%, and also Rakurai at around 6.5%.

So can you walk us through how you plan to retain market share against these new entrants like Harmonic? And perhaps could you help explain to the audience what differentiates BAM's block building approach versus other players?

Lucas: Yeah. So I think the one key thing you'll see from us is that we are optimizing for Solana to win.

[00:11:00] That's the only thing that matters for us. We wanna see the network win. We'll have more traders, more market makers, more users, better prices. All this brings in more priority fees and more revenue to validators and stakers. And so that's the number one thing that we're focused on. We are focused on really good execution for applications and users, and you can see that in the design.

One of the really important things I think many validators understand is that the long-term economics for Solana, both in the revenue that they make as a validator operator, but also in the price of Solana, depends on Solana succeeding. Solana needs to be the best place to trade any market that exists in the world, and that's what we're optimizing for. We have not spent a ton of time optimizing for revenue, although there's many levers that we're starting to look at and that we're starting to work on in the next few weeks that we think will really allow [00:12:00] that to take place in a positive some way.

We're not really in the game of like max extraction. It's really about applications and users. And so I think one of the main things that sets us apart is what we call plugins. And so these plugins give, uh, they're basically additional functionality inside of our BAM block builder that enable applications to have control over their sequencing.

So the first one that we shipped was a few weeks ago, is focused on market makers and giving them the ability to quote tighter through this maker priority plugin via Prop AMMs, and the teams have been super excited about that. We don't see that with any of the other competition in that, uh, kind of area.

And so we're gonna keep rolling out plugins. Our North Star is making Solana win and Solana to be the best place to trade. And so I think that's really what sets us apart from some of the competition. [00:13:00]

Sam: Perfect. And now moving on to the other side of the business with LST infrastructure. So JitoSOL did hold around 12.36 million in TVL versus the Sanctum ecosystem at around 14.5 million Sol in aggregate, which allows anyone to launch and bootstrap their own LST through shared liquidity infrastructure.

So maybe one for you, Brian, um, so Sanctum-enabled LSTs did take some of JitoSOL's share last quarter. How do you think about defending LST market share against this white label model?

Brian: Yeah, it's a good question, but it's worth framing it correctly in the sense that Sanctum doesn't have a single LST.

They are an infrastructure provider for launching these LSTs, and we see when people like kind of sophisticated institutions are picking an individual LST, JitoSOL remains the clear choice. And so kind of we think of Sanctum as a little bit of a hybrid product, and it's actually, I think, arguably working in Jito's favor.

And, you know, we like that team, and [00:14:00] we actually, you know, interact with them a lot. But- Issuing the LST, which is kind of the core baseline for Sanctum and having that like kind of shared liquidity layer, that is the easiest part of the LST process. JitoSOL has been around for three and a half years now.

The hard part is distinct liquidity that differentiates your LST and provides real value to users. And so that is things like having proprietary liquidity, where JitoSOL has tens of millions of unique liquidity that ensures you can get good redemption price and exit at any time you want. It's things like centralized exchange listings, where

JitoSOL is on multiple blue-chip venues like Coinbase and OKX, so that you can use it wherever you want, and also just kind of the, the general like institutional CeFi integrations for margin and all of those products.

Those are pretty hard, and if you do a line-by-line for JitoSOL versus any of the other LSTs on Solana, including those issued by Sanctum, it is not really a competition. And even like zooming out, [00:15:00] 85% of stake on Solana is actually native stake. LSTs remain only 15%. That's actually gone up a good amount.

When JitoSOL was issued, it was back to 3% of total stake. And so Sanctum is a very useful tool to get people to start considering using the LST in some format, and we think that is actually the biggest barrier. And so to the extent that we can work together to grow LST market share on Solana, then I'm confident that JitoSOL will capture a substantial share of that and presents a lot of opportunity for ongoing TVL growth.

Sam: And yeah, I guess touching on some of those competitive dynamics, the next slide frames headwinds and tailwinds. On the headwinds side, SOL fell from around \$147 to \$82 in Q1, compressing USD-denominated revenue and on-chain activity also moderated. However, on the tailwind side, Solana's microstructure is shifting towards priority fees, being around 62% of REV in Q1, which I guess does compress legacy tip revenue [00:16:00] near term, but does reflect a healthier, more consolidated fee market.

And as you mentioned, and from how I see it, this is central to Jito's model of building the best in execution environment for Solana and growing that pie rather than maximizing short-term extraction. So I guess stepping back a bit here, how does the team view Solana's market structure evolving? What are the most important shifts you're watching, and why does this matter for the network and for Jito in the long run?

Lucas: Yeah. In the short term, we believe that BAM is super critical for deterministic and transparent ordering, um, to really help kind of, uh, solidify some of the market microstructure. On a medium-term horizon, there's a few other things that are coming that we're keeping a close eye on. So like shorter slots, uh, going from 400-millisecond slots to 200-millisecond slots And, uh, less consecutive leader rotations.

These things are kind of in the weeds here on, like, the technical side, but [00:17:00] basically will increase the censorship resistance of Solana. On a long-term horizon, we're definitely watching MCP and how that evolves and, uh, I think it's important that all these things are moving towards making Solana the best place to host every market in the world.

On the previous call, we talked about the shift, uh, how we wanted to shift some of the tips to priority fees. I think this is just a really good UX thing and, um, so that's something that we're continuing to accelerate. And then, um, yeah, I think that as we see more markets come on-chain, we really need to lower the barrier to entry for market makers.

And so a lot of the stuff that we focus on is basically around that. It's really about growing the pie right now and proving out some of these ideas that we have and show that they can provide value. And then we can go back, once we can show that we can provide [00:18:00] value, and determine what's the best way to capture revenue from that.

And so we're really in this, like, growth mode, prove out the ideas, show that they're working, to circle back later to revenue. I think in the same, same vein, uh, there's a lot of this market microstructure stuff too, but we really need so many more people trading on-chain, and that's what we're doing directly now at JTX, which we'll touch on later.

But I think that on-chain markets are a two-sided marketplace. You need the takers and the makers, and we're hoping to bring a lot more users on-chain to trade and, uh, really solidify Solana as this, uh, place for internet capital markets.

Sam: Perfect. And now let's get a bit more into the numbers on the next slide.

Jito generated around two point three million in Q1, split roughly across the two segments of JitoSOL Fee segment at fifty-one percent, comprising of epoch [00:19:00] fees at thirty-six percent and withdrawal fees at fifteen percent. And then you have the Jito Tip Fee segment, comprising of Jito MEV Tip Fees themselves at twenty-six percent and Tip Router fees at twenty-three percent.

Notably, the revenue mix shifted this quarter as Tip Router's share of the mix grew. On that, how do you see the revenue mix shifting from here? And of the existing segments, are you guys focusing on any particular line item at the moment?

Brian: I don't really think of the business on kind of a line item by line item segment, especially in like short-term time horizons, which is like a couple, you know, quarter or a couple months.

And as Lucas mentioned earlier, like we're in growth mode, and the focus is firmly on building the best possible products for Solana and making sure there is demand for those in value capture to JTO if they do well. And so there is natural diversification in the portfolio, and there's really more importantly is the ability to double down on what is winning to drive incremental value.

And so as you noted, [00:20:00] Tip Router did have outsized performance. Tip Router is just inherently a way more volatile product because it's a byproduct of kind of network activity on Solana as well as core changes and those sort of elements. So good to see it outperforming in Q1 and hope that those trends continue with just more activity on Solana.

JitoSOL is historically quite sticky, would mostly expect that to continue going forward and provide the natural ballast for quarters when Tip Router may be doing less well. And I mean, it's worth noting the, some of the most exciting opportunities in the Jito portfolio are not reflected on this chart at all.

And so we've talked a lot on this call and we'll continue to do so. BAM had unprecedented traction in Q1, that is not anywhere here, but it is laying an important foundation for monetization for the Jito network going forward. In the same vein, JTX is a huge opportunity and that is not out yet and that is not, you know, having fees in this chart yet.

And so those, you know, those should certainly be considered when thinking about [00:21:00] what Jito network has exposure to but aren't reflected in the Q1 revenue statistics. And so overall, Jito is a very nice portfolio of best-in-class products on Solana. And I think what's exciting to everyone is if any one of those hits, there is clear capture for JTO that can drive enormous opportunities for the Jito community more broadly.

Sam: Perfect. And onto the next slide, I guess putting that revenue picture in P&L terms for our listeners. Q1 net income was 434K, down quarter on quarter, while the compression is deliberate through the BAM adoption subsidy, as you can see here, which added around a 1.58 million expense line in Q1. Stripping that out and the core P&L was relatively stable Q on Q.

On the next slide, we touch more on the JTO token. So around 9.7 million JTO was burned in Q1, bringing cumulative burns to around 13.5 million. However, the biggest story in my opinion is what was paused. [00:22:00] Buybacks were redirected on the JIP-31 to fund the BAM validator subsidy for approximately nine months, with buybacks resuming once the BAM validator client share reaches a sustainable level.

So on that, can you walk us through how the team is thinking about the buyback versus growth trade-off both now and in the long term? And is there a target percent of BAM validators needed to resume buybacks?

Brian: I'm really pleased with the way the DAO navigated this kind of perpetual question we see in crypto, which is value accrual directly or reinvestment in the products, and think that they made the right choice over the last six months that when the long-term opportunities for return on investment are this high, it should absolutely be the choice for kind of investing in that growth and seizing those opportunities.

So the goal of the BAM incentives was to accelerate this bootstrapping phase, the two-sided marketplace, all of that, that the Solana network needs the utility that BAM provides, and so it's our opportunity to get that onto [00:23:00] Solana faster and really just kickstart the trading environment on Solana. And so, you know, I think it has worked very, very well.

We are at all-time highs on BAM stake. It is right around 32%. It actually touched super minority for the first time ever over the weekend, and so that is amazing to see. On the same hand, it is some features that we need to get out that are taking a little longer than expected. That is like, you know, FireBAM, which we talked about, is not fully available yet, and so need to get that client out.

There's a few more plugins, there's a few more geographic locations that are needed. So I guess a little bit of an alpha leak, but there'll be a JIP posted, I think, today or tomorrow that, you know, originally the BAM incentives were intended to be a linear step down throughout Q3. I think we'll tweak that partially for operational reasons and partially to extend that runway a little, assuming the DAO, you know, agrees with this and likes the decision, but it'll just be a cliff that kind of ends in Q3 as opposed to something that steps down during Q3.

So quite a modest change, [00:24:00] but I think that is hopefully the level of runway that we can see BAM having real adoption, tangible network benefits. So overall, the investment has shown high returns. Also love seeing the amount of JTO burned by that buyback program, and expect that there is a lot of opportunity for value accrual directly to the token later this year.

And so I think the balance and the outcomes have been awesome, and really happy working with the DAO and help continue to be efficient on where JTO's capital should be going.

Sam: Perfect, yeah. The growth strategy definitely looks to be paying off, and that leads us into our treasury compos- composition on the next slide.

So total assets sat at around \$68.2 million, which is down 34% Q on Q. That's largely a reflection of the price decline, not outflows. Can you walk us through the treasury composition and what the different line items mean and entail in regards to their respective strategic uses here?

Brian: Um, shouldn't be surprising, you know, the treasury was seeded with 250 million [00:25:00] JTO at Genesis.

There is still the vast majority of that in the treasury. I personally think of this as just a long-term strategic reserve. The DAO has been very disciplined in spending this capital, and that is why so much of it is remaining, and so wouldn't expect any of that to, in a meaningful way, hit circulation anytime soon.

And so, you know, the other side is all of Jito's revenue is denominated in SOL or JitoSOL at the moment, and so there's about 15% of the total notional treasury that is in JitoSOL. Again, the DAO has been disciplined in using this, whether it's the reinvestment we talked about previously or the value accrual during Q4.

And so this is used occasionally for very strategic investments, things like the value accrual, which is done through kind of a subgroup of the DAO. There's also a group funded out of there called the Jet Program. You can think of it as, like, the super team equivalent for Jito. Those guys are doing really awesome work all across the coun- all across the world actually, so Europe, LATAM and Asia, and just kind of getting more and more [00:26:00] people familiar with Jito.

That is actually gonna be a huge asset when we get to JTX and kind of onboarding people there. And so in general, I feel very confident with how the treasury is capitalized and confident in the DAO's ability to selectively use that capital but be disciplined on how it is spent.

Sam: So moving deeper into Jito's strategic direction, that brings us to the next slide, firstly on plugins. So Ban's new plugin system is how applications will be able to use custom transaction sequencing with the Maker Priority

plugin now live. Secondly, as you mentioned with institutional adoption, 21 shares JSOL ETP went live in January, and the VanEck JitoSOL ETF is under active SEC review.

And the third point here is that returning to the US, Jito acquired SolanaFloor. So I guess across these developments, a common theme that I see is the institutionalization of the space. Perhaps can you walk us through how these initiatives tie together for Jito's long-term goals [00:27:00] and where you see the market heading?

Lucas: Yeah. Our long-term goal is for Solana to be the main venue for every tradable market in the world. I think we have a lot of products that maybe seem somewhat unrelated when you look at them from a high level. And, but there's really a lot of strategy between how they combine. So we put out this thing in the first quarter that we called the Market Layer Manifesto, and that was basically our way of breaking it down for people to understand how we view these things.

So we have the execution layer. This is like all the BAM and block building things. And, uh, we really think that this is really important for market makers on Solana, especially when we talk about RWAs and this institutionalization of assets and institutions coming on-chain, the market microstructure matters a lot.

There's the capital layer. Uh, every market needs capital. [00:28:00] There's the 21 shares, JSOL ETP, the VanEck one pending, and all the stuff that Brian was mentioning earlier that really ties that together. And then, um, there's also economic capture, so the ability to earn and reinvest in products that increase the success of the first two.

And then there's the access layer, which, uh, we were kind of hinting at at the time, but that was JTX and, uh, we'll touch more on that later. And so all these things really reinforce each other. There's, um, you have the JitoSOL delegating to BAM validators that makes market making on-chain better, which will attract more institutional flow, better market microstructure, and then the economic capture allows us to reinvest in these opportunities like we're doing right now with BAM and, um, delegating to validators running BAM.

And then we think there's a really important story to tell [00:29:00] about Solana from a third party. And as you know, um, SolanaFloor has been doing a really good job at that. And after hearing that they were going to shut down after some unfortunate events at their parent company, we decided to step in and acquire them.

Uh, we keep, we'll keep the lights on. They can continue doing a really good job at telling the story on Solana. They've been doing really good recently, a lot of, uh, good growth on the Twitter account, people viewing the website, and so I think that investment's really paying off and they will continue to do, uh, an excellent job telling the Solana story.

They will continue to remain editorially independent and, we'll continue to invest in them and kind of broaden the scope of what they do to really tell that story.

Sam: Perfect. And as we just touched on the Maker Priority Plugin, um, being one of the developments I'm most excited for to [00:30:00] see, okay, let's go a little deeper here onto the next slide.

And can you walk us through what problem it was solving for prop AMMs and what has been the early progress and feedback been since launch?

Lucas: Yeah. So for market makers to be successful, they need the ability to quote consistently and deterministically. That offers them the ability to offer really tight spreads, so they can quote really tight.

Ultimately, this gives users really good pricing, and the lack of determinism across different schedulers and volatility regimes gives, gives them a lack of confidence to quote tight. So there's more than five different types of block builders on the network. Each one sequences things differently, and then you might have really crazy market movements where the market moves a lot and, if they get picked off when they're quoting tight during that, they can lose hours or days of profit, like, just like that, like faster than you can blink [00:31:00] an eye.

And so we built the maker priority plugin at the request of many of these market makers to give them the ability to quote tighter. And so if we dive a little bit deeper, essentially it gives them a custom kind of pathway into the scheduler that... where they can bypass all the other congestion.

And then when we are running the sequencing, we will put them at the top of every batch that we build every 50 milliseconds. And so, um, we're working with the majority of prop AMMs on this from like BisonFi, ZeroFi, SolFi, GoonFi, and others, and we're continuing to have conversations and add support for them.

And the feedback has been really good. Um, yeah, market makers are a huge fan of this. There's a lot of them using it. We are closely monitoring the metrics, and we're seeing the number of updates that they're landing from the [00:32:00] normal pipeline compared to this pipeline being up only during BAM blocks.

So we're starting to see a large percentage of their market maker transactions go through here. It's giving them really deterministic updates. We are sharing all the timing and information on what's going on inside BAM. And so, yeah, we're seeing a lot of excitement from this. It's really cool to see that.

I think we're proving out that this is valuable, and we should share more updates on some more metrics that people can view within the next few weeks, I think. And so, yeah, we're open to supporting any prop AMM. If you're interested in integrating, please reach out to us and we'll get you supported.

Sam: Perfect. Definitely looking forward to seeing some of that data. And on its economics, what does it currently cost market makers to use the maker priority plugin? And I guess, can we expect plugins to become a material revenue line item for Jito in the near term? Or is the focus more on creating the right market, [00:33:00] market structure first and then monetizing later from there?

Lucas: Yeah, the focus is definitely on the last one. So we wanna create the best market microstructure And then monetize later. And so today with the current fee model, um, they're paying around 200,000 to like 500,000 or so in fees per year for landing these transactions. And, uh, this might seem like a lot, but when you consider how much volume they're running through and the cost of getting picked off, this is like nothing.

So, um, yeah, we're still trying to experiment the fees, like maybe bumping them up or down. We need to talk to market makers, understand the trade-offs there, but we're really just focused on proving that this is valuable. So there's a lot that we can figure out later and tweak. This is like the first iteration of this, and given the feedback, it seems like it's super valuable to market makers, and we can see better activity and [00:34:00] better distribution of maker updates on-chain.

So we're gonna continue to invest in this, continue to iterate, and at some point we can figure out the monetization for this. But we're really in like prove, prove out the idea, show that it works, and figure that stuff out later.

Sam: Perfect. And I guess now moving on to the next slide with Jito's outlook. As we just went into the maker priority plugin, what are perhaps are the next plugins in the pipeline that you're focused on?

Would it be more stuff to do with prop AMMs and spot-centric developments or perhaps looking at perps here?

Lucas: Our main focus just goes back to getting every market tradable on Solana, so that's really what the main focus is right now. So a lot of it's focused on better experience for market makers, better execution for users.

We're also exploring a few plugins to increase revenue that we're gonna start working on pretty soon. So for market makers, we are continuing to add more [00:35:00] features to this maker priority plugin. We are exploring this thing that we call BAM time at the request of some of the market makers, and we talked about it at the core dev meeting the other day, essentially giving traders and users on-chain more granular time progression throughout the slot so they can understand what the time is and that, that will allow them to change their quoting strategies to, uh, quote better and tighter essentially.

And then over the next few days, we're working with the Phoenix team to onboard their oracles for perps. And then we're also exploring some other interesting ideas in like the, the perp space for them and, are open to working with others on that as well. On the reward side, I think that we are exploring, uh, better efficiency for arbitrage, so we have a few ideas on that, that we're exploring and we'll share more [00:36:00] later And then on the JTX side, there's a few different really cool things that we can do for JTX and other applications on Solana.

We're not really ready to share those yet, but they'll be the first of their kind, and I think it'll really show what you can do inside BAM. A lot of the maker priority stuff is really cool, but this, these particular categories of plug-ins will directly benefit users, and you'll be able to see how much better execution users are getting.

Sam: Perfect. And the second aim for the outlook is the VanEck JitoSOL ETF in active SEC review, with a decision window in the next four to eight weeks. I guess, what's your read on approval timing here, and what should listeners think about in regards to the JIP-33 Coinbase integration as well?

Brian: Yep. I'll start with Coinbase, 'cause that's an easy one.

JIP-33 authorized a pretty unique and novel for Jito [00:37:00] way to kind of partner and align incentives between Coinbase and Jito. Coinbase is obviously blue-chip partner, massive distribution, and really trusted source in the industry. And so we are excited that the DAO passed that, and we don't have anything concrete that we can share on kind of the details or contours of that partnership at this moment.

But any chance we can work with partners like Coinbase, we're gonna take it, and hope to have more news to share there. On the SEC, I think the exciting thing is that SEC engagement over the last year, at least around JitoSOL, has been extremely positive, and we are fortunate to have a great relationship with them and appreciate the detail with which they are contemplating all of these questions.

So I'm personally optimistic on the process despite kind of my natural, um, especially kind of given working in crypto, a little bit of sadness on the pace at which the process moves forward. And so, like, going a little deeper on some of the issues there is that we've gotten very, very positive feedback on how [00:38:00] JitoSOL is structured.

It was built with these sort of institutional regulated grade features from day one. The tension is when you think of someone like a regulated firm, it's not specific to JitoSOL. It's how do you establish precedents and processes for all LSTs to go through? And many LSTs unfortunately don't have the attributes that JitoSOL does.

And so it's kind of trading off those concerns about, yes, JitoSOL would actually be very helpful, but need to shape it in a way that it continues to have some barrier to entry for other products that are not as investor friendly and is not as, you know, ready to get the level of adoption in these end consumer hands as JitoSOL will be.

So I think the other side note is this filing isn't just about the VanEck ETP. Obviously, we're excited about having 100% JitoSOL ETP in the US But it is getting JitoSOL approved so [00:39:00] that can be used in all of these regulated products, and it is really amazing and kind of surprising to me the level of inbound interest we get from blue-chip issuers across these products in the US that want to incorporate JitoSOL as some level of liquidity layer within their existing ETPs that have hundreds of millions or billions in AUM.

And so it's really getting the checkbox on VanEck that then opens the door to usage of JitoSOL in all of these products going forward. And so that is why we are kind of pushing so hard on this VanEck ETP process and continuing to do everything we can to help shape the SEC process so it has a positive outcome for JitoSOL, as well as just the broader kind of ETP industry for crypto integration.

And so overall, remain positive and more conviction than ever in the opportunity set for JitoSOL here, but always have to temper expectations on timing and do not expect this to go forward in the next four to eight weeks, but hope-- Well, do not expect it to be formally approved in the next six to eight weeks, but [00:40:00] optimistic that the process is going to be moving in the right direction.

Sam: And lastly, but most importantly, as you mentioned, Lucas, the big announcement recently was JTX, which launches in early June and extends Jito into the consumer-facing layer. So let's spend some time here, since it's probably the biggest forward catalyst. Can you walk us through, uh, why now as the space is becoming more institutionalized, and will perps be available?

And I guess what is missing from incumbent front-ends today and why you see this as an opportunity?

Lucas: JTX is where smart money trades everything. We think that there's this class of crypto tra-traders, and some of them are from... that they've been trading a while. Some of them are new, that they don't really view themselves as crypto traders anymore.

They're traders. They wanna trade narratives. They wanna trade RWAs, uh, perpetuals, prediction markets, and crypto [00:41:00] assets via the same interface. And we think that there's a audience that's missing for these types of people, especially on the pro retail side. So this pro retail, prosumer audience, probably low to mid five figures to millions of dollars in portfolio size.

They wanna trade, they want the best execution, and we have the best experience building at this layer of the stack, you can think between the click and settlement on-chain. And so that is really our bread and butter in what we've been spending the last four to five years building on Solana. And so we are finally taking that ex-expertise and that knowledge and Offering it to users.

And so we're super excited about this. Um, I think we'll have the best in class execution. There's gonna be some really cool features, some that we've announced and some that we won't, that will really set this apart. I would say a [00:42:00] lot of the front ends today, they target like the average swapper or the meme coin sniper, and the pro retail audience isn't being served, and we are really focused on the best possible spot experience first.

So at launch in early July, we'll have the best possible spot experience, advanced orders, some really cool features that I think will set us apart that people will like. And then once we have that and that's locked down, then we'll move on to perps via Phoenix Perps, and then eventually prediction markets.

But we're really focused on this pro trader audience. We're not trying to be this everything app. We're not trying to be a meme coin sniper or, uh, like an average swap front end. It's really this like pro retail audience that we're targeting.

Sam: Perfect, and I guess going a little deeper there, um, on that, what would you say gives Jito the edge to win on the trading product UX front?

And I guess more specifically, as you mentioned, you guys have [00:43:00] been running Solana's core infrastructure for several years now. But for our audience, how does that actually translate into an edge here? And also, will you be developing specific plugins on BAM to help with JTX?

Lucas: Yeah. I think our edge is twofold.

One is our expertise, so I think we understand how Solana works better than anyone else. We've spent years building a lot of key pieces of infrastructure that have gained massive adoption, and so we really understand this, and we wanna basically take everything that we learned, our knowledge of the infrastructure, how the validator works, how do routers work, how does transaction landing work, and basically just abstract all that away and give users the best possible experience.

And I think this will translate directly into the best product for this pro retail audience on Solana. And the other piece I would say is our team. So We have a really crack [00:44:00] team. We have several people from... that were previously at some of the best centralized exchanges. We have people that we've pulled over from other teams at Jito that have been working on our MEV stack for years.

We're constantly bringing in new people that we think can add to the team. And so I think, you know, we've really built up a lot of credibility and expertise and knowledge, and that will be evident the moment that you use

JTX. As far as plug-ins go, there's already... There will be benefit already from, uh, BAM plug-ins via the maker priority plug-in.

So if you're swapping on a, uh, if you're swapping an asset that's supported with a prop AMM, you will likely get tighter spreads. We have a few other really cool ideas that we're researching right now to make this experience even better. So we're still doing some feasibility studies on it, but I think that those will be super promising, [00:45:00] and we'll share more details on that when we're ready.

Sam: Perfect. Should be a big year ahead. And I guess now moving on to the Q&A section, onto the next slide, and staying on JTX here. Um, so front ends have historically owned the lion's share of fee revenue. So in regards to Jito, how is Jito thinking about monetizing JTX, and how does this change Jito's revenue trajectory moving forward?

Brian: JTX was designed to deliver clear benefit to JTO holders from day one, and so that means that 80% of fees captured by JTX are going to immediately be used for token value accrual. That is a similar kind of trajectory that we've seen for other really, really successful trading products recently, and we want just a tight connection where as successful as JTX is, 80% of that is immediately recycled into JTO to continue to drive benefits for the Jito community.

The other 20% is used for reinvestment. [00:46:00] This is things like new product investments, new team member onboarding, and realistically, for kind of a prosumer retail product like this, a lot of it is just customer activation energy, and so getting more and more users on JTX. And I really like the structure of how this is.

It's a very novel thing for Jito to have this kind of built-in reinvestment. But I think it aligns incentives closely because it means the better that JTX is doing, the more money it is making. You know, assuming this is all organic and everything, which we expect it to be, because we're not gonna have misaligned incentives on it.

That just drives more capital to grow the product. And so there is a natural flywheel there that as JTX does well, it should continue to grow and just have a lot of room to continue onboarding, you know- Hundreds of thousands or millions of users from not Solana, but centralized exchanges, TradFi brokerages, all of that.

And so it is also, I would say, a testament to the size of the [00:47:00] opportunity that we do have this built-in mechanism for ongoing investment in JTX. On your point on value capture, I agree 100% that we... And this is not specific to crypto, we see this in a lot of industries, including TradFi, that if you don't have a direct relationship with the end consumer, your ability to capture disproportionate value is very restrictive.

And crypto is, I think, kind of speed running this path over the last couple years. But infrastructure's important, extremely proud of the infrastructure contribution that Jito has made, and ba- the contribution that things like BAM will continue to make. But you need to have sticky kind of daily relationship with your customers, and if you're able to establish that, which is hard, but you really do earn more economics than being kind of some level of commoditized backend smart contract infrastructure.

And so that is something that was, you know, that deems the genesis of why we've decided to invest in JTX and where we see the synergies with consumer [00:48:00] distribution combined with Jito's core competencies. And so overall, I think JTX fees were designed very intelligently to benefit JTO, and given the size of the opportunity and the level of resources that we're already investing in JTX, we think, or I think at least, that it could easily be the most significant value driver for JTO going forward.

Sam: And I guess going a bit deeper there on the fee dynamics, that leads us into our next question. I guess, how does the fee structure work for revenue when working with partners? I guess a good example here would be when working with Phoenix for perps, how does JTX get revenue there, and how does it compare to revenue generated, say, if you built your own perp DEX?

Lucas: Yeah, many of the protocols that we're integrating with support fees, uh, you know, whether it's like builder codes or just a platform fee or whatever it is. So they're... On the swapper, there will be some

configurable [00:49:00] fee. That's the f- the fees for the, the protocol that we're using are pretty minimal, so that's not a concern.

Phoenix has builder codes, I believe they call them flights, that they've incorporated similar to Hyperliquid, and I think the Phoenix fees are pretty fair. There's plenty of room to offer a really good experience at the, at a low value, while also cont- uh, retaining some of the fees for us. Building a perp DEX is insanely, insanely complicated.

The team there is super cracked. They've been working on it, I think probably for more than a year at this point. It's really hard to pull off. We've seen a lot of perp DEXs try to start up and fail, or many perp DEXs that have been working That have been in progress for many years that still haven't shipped.

That's not really something that we wanna do. It's super challenging, both the engineering and then... The engineering is probably honestly the easiest [00:50:00] part. The next part is starting this two-side marketplace, so getting retail users to use it and getting the market makers onboarded. And yeah, we're super excited to work with Phoenix and incorporate it.

I think we will be able to help a lot with them bootstrapping that, uh, two-side marketplace by bringing this pro retail audience to their platform.

Sam: Perfect. And I guess the next question we have submitted, um, which is a bit technical, but at what BAM stake share does a plugin execution quality enable a consistent enough environment on Solana to materially shift market structure and spreads? Or I guess another way to phrase this is if you stayed at 30% of BAM stake share, could that actually deliver a material improvement to the network as a whole?

Lucas: Yeah. I think it could deliver, uh, impact, but I really think of the, the impact of BAM as kind of roughly [00:51:00] linear. I think there's some critical mass where it really starts to matter, so probably above 50%, closer to 60%. But we already see a lot of players that are adjusting their strategies on different schedulers and different validators on Solana, and that certainly helped us during this kind of testing and proving out of the maker priority plugin, but this is not sustainable.

If you need to learn how to build a perp DEX or how to build a prop AMM, how to land transactions, uh, what... understand what validators are running what schedulers and, you know, maybe they're switching out schedulers a lot, that's just a huge barrier to entry. And I think this is something, they certainly don't see it on other centralized exchange venues.

They probably don't see it that much on the perp's venues on-chain that have really taken off. And so this uniformity [00:52:00] and getting to a large amount of stake above 50%, probably closer to 60 or 70%, I think is where we'll really, really start to notice the benefits of it, and that will allow more market makers and people to start using it.

Sam: That makes a lot of sense to me. And I guess our final question, wrapping us up here, that we have submitted is why double down on Solana specifically, and what is Solana's ecosystem and distribution edge in competing with purpose-built venues like Hyperliquid?

Lucas: We've been on Solana since the very beginning.

I really, really resonated with Toly's vision of this single state machine at a time when a lot of people thought it was a joke And people continued to think it was a joke into 2022, and we stuck around, and I think that we made really significant contributions to the success of Solana through the JTO airdrop and all the infrastructure that we built in 2024 to mitigate [00:53:00] spam and help people land transactions.

Solana is the clear leader for smart contract networks, without a doubt, and if you're starting a new project on Solana today, I think the most obvious option is Solana. Has the the most users on-chain, and new projects are hitting insane revenue numbers super fast without incentives in, like, very shortly after launching.

We still do see a lot of projects coming to Solana, and there's more trading activity on Solana on spot compared to many other chains. It's doing more transactions per second than other chains. Uh, there's still a lot of work to do on the perp side. We're super confident that Phoenix will be able to pull it off.

They've built a really great product, and outside perps, I don't think there's really any competition. I think another thing, too, it, that some people like us recognize that maybe [00:54:00] not many other people recognize is that the Solana network is, I think, probably the network that is upgrading the fastest and getting...

It's getting the fastest, the fastest. So the pace of iteration and advancement on the network is just getting so much better. So you can develop an application, and the core, uh, teams like Anza and Firedancer and us will continue to deploy updates to make the network faster. So overnight, your application might get twice as better.

So increased block capacity limits, faster slot times, all these things, it just shows that Solana is the best place to build new applications and new companies, and you can make a lot of money doing it.

Sam: Perfect. No, I definitely resonate with the single state machine thesis. And on that, that ends our presentation today.

So thank you to Lucas and Brian for walking us through the [00:55:00] quarter and to everyone who joins. The full Q1 report and all underlying data are all available in the data room on Jito's IR page at Blockworks, all for free at jito.blockworks.com. And be sure to also check out blockworks.com for other quarterly reports and to register for upcoming protocol calls.

Thank you everyone.

Brian: Thanks for having us,

Sam: Sam.

[00:56:00] Thanks.