

Franklin Crypto: How Much to Integrate?

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Classroom case | Strategy and organization

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This is a hypothetical operating-model exercise based on public information. It does not describe an actual internal assignment or include undisclosed or later Franklin Crypto outcomes.

The decision

A little over three months after closing its acquisition of 250 Digital, Franklin Templeton is deciding how to organize the new Franklin Crypto division over its first full year. The division combines a crypto-native investment team and strategies with an established global asset manager that already has digital-asset research, portfolio-construction, and institutional risk capabilities.

The hypothetical leadership team must decide what to integrate with Franklin Templeton and what should remain under specialist-team authority. Which investment decisions should be made by Franklin Crypto? Which technology, operating, risk, compliance, and distribution functions should be shared? What should be staged until leaders have evidence that the interface is working?

Your team is advising Franklin Templeton's leadership as of October 4, 2026. Recommend an operating model and sequence. Address decision rights, control standards, access to institutional distribution, team continuity, and evidence gates. This is an organization and capability question, not a recommendation to buy, sell, or launch a particular digital asset.

The acquisition and the new division

Franklin Resources, Inc. announced an agreement to acquire 250 Digital on April 1, 2026; the acquisition closed on June 22. The company said the acquisition included 250 Digital's investment team and liquid cryptocurrency strategies previously run by CoinFund. Franklin Templeton said it would invest in those strategies as part of the agreement. The releases did not disclose the purchase price, acquired AUM, client commitments, or strategy-level economics.

At closing, the company established Franklin Crypto as a dedicated active digital-asset management division. The June 22 announcement named Christopher Perkins as head, Seth Ginns as CIO, and existing Franklin Templeton Digital Assets investment veteran Tony Pecore as part of the leadership team. Franklin Crypto reports to Sandy Kaul, Head of Innovation.

Management described the intended combination: bring the acquired team's investment capabilities together with Franklin Templeton's global distribution to serve institutional

investors. The company also said it already had a dedicated digital-asset unit for fundamental research, active portfolio construction, and institutional risk oversight. The public announcement explains a proposed organizational shape and growth thesis. It does not show which teams share decisions or services, whether client referrals have converted, or what operating results have followed.

The parent platform: scale and a measurement trap

The latest reported results available at the cutoff were for the quarter ended June 30, 2026. Franklin Templeton reported total AUM of \$1,791.6 billion. Management reported \$18.4 billion of long-term net inflows for the quarter; total AUM increased \$109.5 billion, including a \$98.0 billion positive effect from markets, distributions, and other items, and was partly offset by \$7.0 billion of cash-management net outflows. The long-term inflow figure includes \$1.1 billion in outflows at Western Asset Management and \$4.1 billion of reinvested distributions.

The latest monthly AUM update available by the cutoff was preliminary. On September 3 the company reported \$1,827.4 billion at August 31, up from \$1,794.0 billion at July 31, attributing the monthly increase to positive markets and \$8 billion of long-term net inflows.

These figures show the scale of the parent platform, but they do not show demand for Franklin Crypto. The June quarter ended eight days after the 250 Digital closing. The Form 10-Q's AUM bridge lists a \$0.1 billion quarterly acquisition contribution in Alternative AUM without naming the acquisition. Its \$6.2 billion nine-month acquisition contribution is identified as Apera. Neither amount can be attributed to Franklin Crypto. The filing and releases did not report Franklin Crypto-specific AUM, flows, product performance, client demand, or integration progress by October 4.

Integration choices

The operating model must make different choices across several interfaces:

- **Investment authority:** How much discretion should Franklin Crypto have over portfolio construction, trading, and new strategy development? Which decisions need parent approval?
- **Risk and compliance:** Which control standards should be common across Franklin Templeton? What product-specific procedures or escalation paths are necessary for active digital-asset strategies?
- **Technology and operations:** Should the division adopt existing parent platforms and shared operations now, use interfaces and service agreements, or preserve separate arrangements while needs are assessed?
- **Distribution and client coverage:** How should institutional sales teams introduce Franklin Crypto, conduct diligence, and coordinate client service without overpromising capabilities or blurring investment accountability?
- **People and incentives:** What responsibilities, incentives, and leadership roles help retain specialist knowledge while supporting collaboration with parent teams?

Parent-level expense data do not answer these questions. The June quarter Form 10-Q reports acquisition-related retention and other acquisition expenses in aggregate across the company. It reports a \$67.3 million reversal of expense after forfeiture of certain equity awards, plus lower costs associated with recent acquisitions. These figures are not attributed to 250 Digital. They do not show retention success or departures in the acquired team.

What research can and cannot tell you

Research on technology acquisitions offers a mechanism to consider, not a direct answer for an asset manager. Ranft and Lord studied seven small U.S. high-technology acquisitions using interviews and company materials. Their qualitative model suggests that autonomy can help preserve tacit and socially complex knowledge, while too much autonomy can limit capability transfer; communication and key-person retention may support both. They describe a two-sided implementation-speed tradeoff, but do not estimate an optimal schedule.

The study's firms and capabilities differ from a regulated asset manager and an active crypto-investment team. It does not evaluate investment authority, fiduciary duties, custody, compliance controls, digital assets, or Franklin Templeton. Two additional technology-acquisition studies are available in this evidence package only through publisher abstracts and are treated as provisional leads, not core findings. No reviewed academic paper measures Franklin Crypto's team, clients, risk controls, or integration outcomes.

Paths available to leadership

Three broad approaches are available; a credible plan may combine them.

1. **Integrate shared capabilities early.** Move Franklin Crypto onto common risk, compliance, technology, operations, and institutional-distribution processes, while specifying which portfolio decisions remain with the investment team. This could enable coordination and parent-platform access, but may impose process changes before the team understands their effect on decision speed, client service, or specialist routines.
2. **Preserve specialist autonomy with formal interfaces.** Keep investment-team processes and decision rights distinct, while defining required parent controls, escalation paths, service agreements, and client handoffs. This could protect specialist routines and accountability, but may leave useful expertise or distribution underused and allow parallel processes to persist.
3. **Stage integration by function.** Set parent-wide minimum controls now; pilot selected shared services and distribution routines; retain specialist authority where knowledge or speed is important; and expand only after evidence on service, coordination, talent, and control performance. This creates learning opportunities, but can add complexity and prolong uncertainty.

Assignment

Prepare a recommendation as of October 4, 2026. Specify:

- which decisions and functions should be shared, integrated, or retained by Franklin Crypto;
- how parent-wide risk and compliance expectations apply to specialist strategies;
- how institutional distribution and client servicing should work;
- how the design protects specialist knowledge, accountability, and talent continuity;
- which operational and client-service indicators should be reviewed; and
- what evidence would trigger deeper integration, continued separation, or redesign.

Separate company statements from evidence, and state assumptions. Do not infer Franklin Crypto outcomes from parent AUM, flows, acquisition expense, or research on technology

acquisitions. No single operating model is proven by the public record.

Selected sources

- Form 10-Q for the quarter ended June 30, 2026
- Q3 FY2026 results release, July 31, 2026
- 250 Digital acquisition announcement, April 1, 2026
- Acquisition completion and Franklin Crypto formation, June 22, 2026
- Preliminary August AUM, September 3, 2026
- Ranft & Lord, “Acquiring New Technologies and Capabilities” (DOI); instructor research package records methods, reading depth, and limits.