

RECT

Small-Cap

Bitcoin

SEPA

Dilution Risk

Momentum

Singapore

RECT's Pre-Market Pop: How the \$32.6M Bitcoin SEPA Works and What It Means

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SUMMARY

Rectitude Holdings surged 47% pre-market as traders digest the mechanics of its Bitcoin treasury strategy funded by a standby equity agreement with crypto veterans.

SINCE REPORT -34.7%

DATA BOX

Price	\$1.76
Change	+46.67%
Volume	10.8K
Float	Small
Mkt cap	\$17.4M

Written at 8:56 AM ET on April 13, 2026

Key Data:

- **Price:** \$1.76 (+46.67%)
- **Previous Close:** \$1.20

- **Volume:** 10.8K (pre-market)
- **Market Cap:** \$17.4M
- **Float:** Small-cap with dilution risk

RECT is trading at \$1.76 in pre-market action, up a solid 47% from Friday's \$1.20 close. The move comes without fresh news, suggesting traders are finally digesting the September announcement about Rectitude's \$32.6 million standby equity purchase agreement with Constantinople Limited to fund a Bitcoin treasury strategy.

Let's break down exactly how this SEPA mechanism works and why it matters.

The SEPA Mechanics

The SEPA grants Rectitude the option to issue up to \$32,625,000 of ordinary shares at its sole discretion, but here's the key - there's no gun to their head. No mandatory minimum drawdowns under the SEPA, and no penalties or fees for not utilizing the commitment.

The pricing structure is trader-friendly: shares priced at a 2.5% discount to the lowest daily VWAP over three consecutive trading days following advance notice. That's a minimal haircut compared to the brutal 8-15% discounts typical in toxic financing deals.

Why This Could Work

Unlike most small-cap dilution machines, RECT's setup has some unusual advantages. The counterparty isn't your typical death spiral financier -

Constantinople Limited is led by Tian Jia, an experienced Bitcoin investor, and Chen Zhiqiang, former co-founder and CTO of Tron. These aren't guys looking to flip shares into momentum - they're positioning for Bitcoin exposure through a public vehicle.

The timing control matters too. Rectitude determines timing and number of shares sold through advance notices, giving management the ability to tap the facility when Bitcoin prices are attractive or when they need working capital. Smart treasury management could mean drawing down when BTC is cheap and their stock price is higher.

The Dilution Reality Check

Let's do the math. At Friday's \$1.20 close, the full \$32.6 million commitment represents roughly 27 million new shares - nearly tripling the current float. Even at today's pre-market price of \$1.76, you're looking at 18.5 million shares. That's massive dilution if fully utilized.

But here's what makes this different from typical toxic financing: the company plans to use cash flows from operations in excess of working capital requirements for Bitcoin purchases, not just burn the SEPA proceeds. They're not funding operations with equity dilution - they're using it strategically for treasury diversification.

What to Watch

Volume tells: The 10.8K pre-market volume is light, suggesting this move is more about position building than institutional accumulation. Watch for follow-through on regular session volume above 50K.

Bitcoin correlation: Rectitude intends to use most proceeds from SEPA sales for Bitcoin purchases. If BTC rallies, RECT becomes a leveraged play on crypto without the regulatory headaches of a pure crypto stock.

Float dynamics: With a tiny float and the potential for significant share issuance, volatility will remain extreme. The 2.5% discount structure means any SEPA drawdowns should be telegraphed through advance notices - smart traders can position ahead of known selling pressure.

Key levels: \$1.20 now becomes support (former resistance), while \$2.00 represents psychological resistance. A break above \$2.00 on sustained volume could signal the next leg higher.

The Trade

This isn't your typical small-cap pump. The Bitcoin treasury angle gives RECT a legitimate narrative in a crypto-friendly environment, while the SEPA structure avoids the death spiral mechanics that kill most micro-cap rallies. That said, the dilution overhang is real - any material drawdown will pressure the stock.

For momentum traders: this looks like early-stage accumulation with a catalyst that makes sense. The risk/reward works if you size appropriately for the volatility and understand that dilution could cut both ways depending on execution.

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