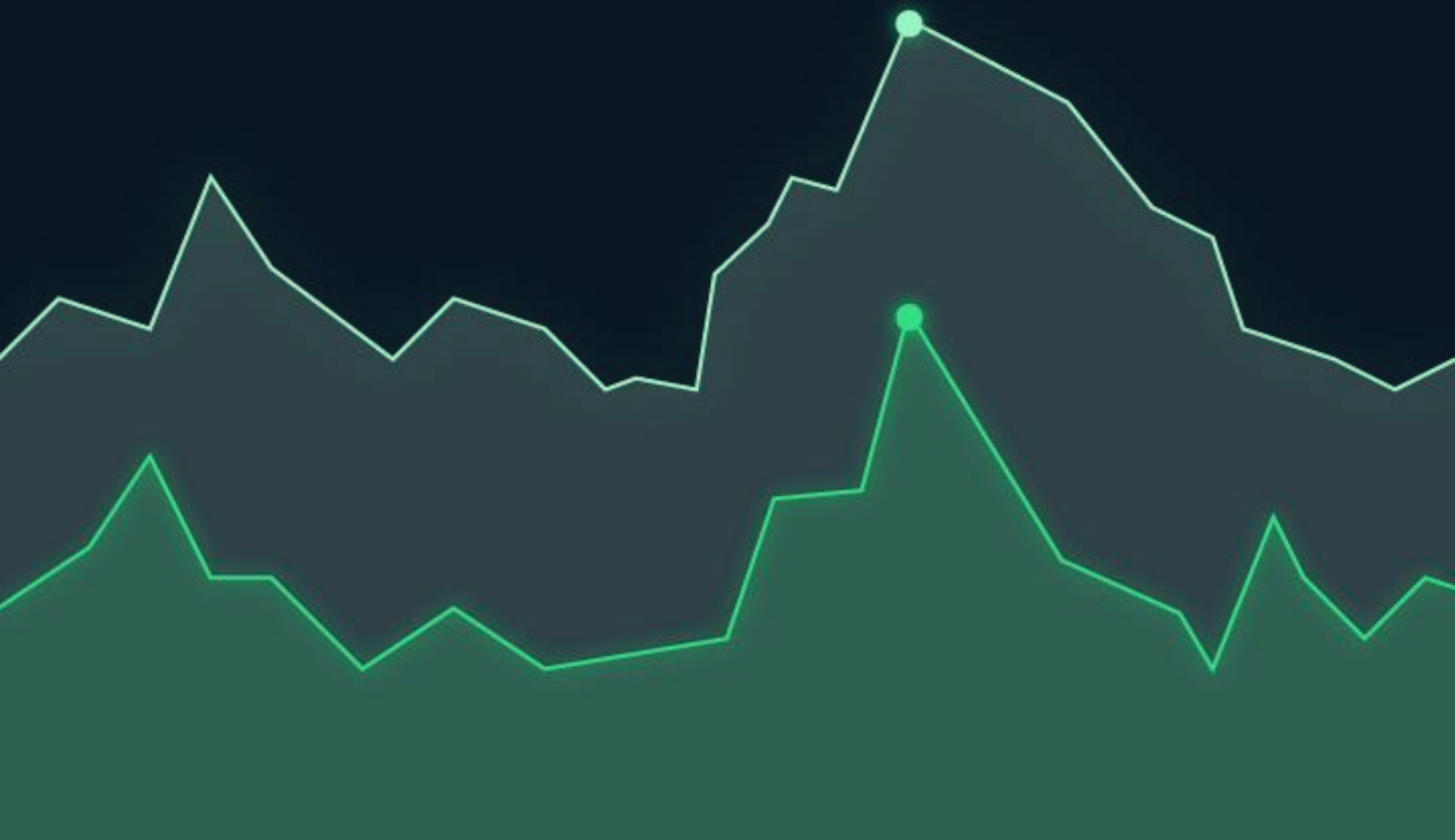




EXCHANGE REVIEW

JULY 2019



Abstract

CryptoCompare's Exchange Review aims to capture the key developments within the cryptocurrency exchange market. Our review focuses on analyses that relate to exchange volumes, which include those related to crypto derivatives trading, market segmentation by exchange fee models, and crypto to crypto vs fiat to crypto volumes.

We also conduct an analysis of bitcoin trading into various fiats and stablecoins, an additional overview of top crypto exchange rankings by spot trading volume, as well as a focus on how volumes have developed historically for the top trans-fee mining and decentralised exchanges.

CryptoCompare's Exchange Review is conducted on a monthly basis and caters to both the crypto-enthusiast interested in a broad overview of the crypto exchange market, as well as investors, analysts and regulators interested in more specific analyses.

For questions related to our research or any potential requests, feel free to contact our research department at research@cryptocompare.com.

Try out our new interactive Exchange Review Dashboard below:

Exchange Review **Dashboard**

For those interested in accessing CryptoCompare's data for their own purposes, including cryptocurrency trade data, order book data, blockchain data, social data or historical data across thousands of cryptocurrencies and 200+ exchanges, please take a look at CryptoCompare's API here: <https://min-api.cryptocompare.com>

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Executive Summary

Macro Analysis and Market Segmentation

- 1 **Exchange Benchmarking Analysis** – Based on [CryptoCompare's Exchange Benchmark](#) grading, AA-graded exchange volume is up 29% while lower quality volume still dominates. Exchanges with grades AA represented 5% (31 billion USD) of total aggregate volume in July, while those rated A and B represented 19% (119 billion USD) and 8% (47 billion USD) respectively. Trading volume is still dominated by lower quality exchanges, with D-E rated exchanges representing 64% combined (316 billion USD).

On aggregate, volume from trusted exchanges (AA-B) increased 4.4% while volume from untrusted exchanges (C-F) only increased 0.7%. Aggregate trusted exchange volume still only represents 32% of the total market.

- 2 **Trade Data Analysis** - Untrusted exchanges LBank, Coinsbit and CoinBene had the largest average trade sizes relative to other top exchanges at an average of 3.7, 1.6 and 1.1 BTC respectively. LBank's (D-rated) average trade size within its BTC/USDT market was roughly 15 times higher than that of Coinbase's (AA-rated) BTC/USD market. In terms of trade count, LBank traded an average of 25,000 trades per day, while Coinbase traded over 100,000 trades per day on BTC/USDT and BTC/USD markets respectively.
- 3 **Predominant Fee Type** - Exchanges that charge taker fees represented 75% of total exchange volume in July, while those that implement trans-fee mining (TFM) represented 23%. Fee-charging exchanges traded a total of 445 billion USD in July (up 0.4% since June), while those that implement TFM traded 137 billion USD (down 5% since June).
- 4 **Derivatives Trading (Institutional Products)** - Regulated bitcoin derivatives product volumes are still dominated by CME, whose total trading volumes are up 4.23% since June at 8.2 billion USD. Meanwhile, Grayscale's bitcoin trust product (GBTC), continued to increase in terms of total trading volume with 1.98 billion USD traded in July (up 6.02% since June).
- 5 **Derivatives Trading (BitMEX and BitFlyer)** - BitMEX's total perpetual bitcoin futures product volume leads at \$68 billion, while that of bitFlyer's stood at \$31 billion in July. BitMEX's volume is up 5.51% since June while bitFlyer Lightning's volume is down 6.92%. Despite BitMEX's large Bitcoin outflows documented by [TokenAnalyst](#) on the 19th of July, and the recent reports concerning an investigation of the exchange by the United States Commodity Futures Trading Commission, trading activity increased since June.
- 6 **Fiat Capabilities** - Trading volume from exchanges that offer only crypto pairs represented 84% (497 billion USD) of total trading volume in July, while fiat to crypto exchanges represented 16% (93 billion USD). This is similar in proportion to the previous two months.
- 7 **Bitcoin to Fiat Volumes** - In July, 48% of all Bitcoin trading into fiat was made up of the US Dollar. BTC to USD volumes increased, from 2.04 million BTC in June to 2.11 million in July (up 4%). Meanwhile, BTC trading into JPY represented 1.37 million BTC in July (up 25% since June), while BTC trading into EUR represented 442,000 BTC (up 1.78% since June).
- 8 **Bitcoin to Stablecoin Volumes** – In July, BTC trading into USDT represented 67.6% of total volume (traded into fiat or stablecoin). BTC trading into USDT totalled 9.25 million BTC (up 18% since June).

Exchange Volumes

1. **Top Crypto to Crypto Exchange Volumes** - LBank was the top crypto to crypto exchange by total volume in July at 45 billion USD (up 42% since June). This was followed by OKEx and CoinBene at 43.9 billion USD (up 30%) and 39.3 billion USD (up 3.29%) respectively.
2. **Top Fiat to Crypto Exchange Volumes** - Bithumb was the top fiat exchange by total volume in July at 20.4 billion USD (up 46.4% since June). This was followed by Coinbase and Bitfinex at 12.5 billion USD (down 2%) and 9.35 billion USD (down 15.2%) respectively.
3. **Trans-Fee Mining Exchanges** - CoinBene was the top TFM exchange by total volume in July at 39.3 billion USD (up 3.29%), followed by Bitforex at 35.1 billion USD (down 7.5%) and EXX at 19.9 billion USD (up 26.1%).
4. **Decentralised Exchanges** - IDEX was the largest DEX in July trading a total of 44.6 million USD (down 17%), followed by Switchero and BitSquare trading 16.5 million USD (down 43%) and 16.4 million USD (down 35%) respectively. DEXs represent only a small fraction of global spot exchange volume (0.01%), trading a monthly total of 86.9 million USD in July.

July Exchange News

COMPANY	STORY	DATE
Binance US	Binance US appoints Catherine Coley as CEO	Jul 2 2019
CFTC - General	UK watchdog proposed ban on crypto derivatives for retail investors	Jul 3 2019
Kucoin	KuCoin Launches Bitcoin Derivatives Trading With 20x Leverage	Jul 8 2019
Binance	Binance Launches Platform '2.0' as Margin Trading Goes Live	Jul 11 2019
BITpoint	Hacked BITpoint Exchange to Refund 50,000 Affected Users in Crypto	Jul 18 2019
Binance	Binance Jersey Lists Exchange's New UK Pound-Backed Stablecoin	Jul 19 2019
Poloniex	Circle Moves Exchange Operations Offshore with New Bermuda Office	Jul 22 2019
Blockchain.com	Blockchain launches cryptocurrency exchange	Jul 30 2019
BitMEX	BitMEX outflows hit record in July exceeding 500m amid CFTC probe	Aug 5 2019

Exchange News

July proved to be a month of important developments for crypto exchanges. The period was marked by some significant changes to business operations and customer offerings at major venues, reflecting their willingness to adapt both to an evolving regulatory landscape and the needs of a more mature class of investors.

Binance appoints ex-Ripple exec to lead Binance US, launches GBP-backed stablecoin on Binance Jersey

Most notably, Malta-based Binance made several high-profile announcements. These included the appointment of Catherine Coley, an ex-Ripple executive, to lead its new US-based exchange. This followed the announcement that US-based investors would be geofenced from its Binance.com site, seemingly due to growing regulatory pressure.

The exchange also announced the introduction of a GBP-backed stablecoin for its Jersey-based venue and the launch of its long-anticipated margin trading platform. In addition, it revealed it was burning \$24 million worth of its native BNB token, which were allocated to the Binance team and due to come into circulating supply. The news helped propel a recovery in the token's price back above the \$30 mark. The price had previously fallen from a high of \$40 to around \$25 at the time of the announcement.

Blockchain.com launches HFT crypto platform, the PIT

Several other major exchanges also made headlines over the month. Blockchain.com, best known for its wallet and blockchain explorer capabilities, has extended the scope of its services with the launch of a high-speed crypto trading platform. The new platform, called the PIT, is aimed at both retail and institutional investors and signals Blockchain.com's intention to become a 'all-in-one' crypto company.

Kraken acquires crypto accounting firm, Bitfinex announces derivatives product, Kucoin to offer margin trading, Poloniex adds new trading pairs

In other exchange development news, Kraken announced it had acquired crypto accounting business Interchange to strengthen its services for institutional clients. Bitfinex announced the roll out of a new derivatives product, offering up to 100x leverage – similar to market leader BitMEX – to traders. IDG-backed Kucoin revealed that it would also be offering margin trading to customers, allowing users to trade up to 20x leverage on bitcoin through its newly-established KuMEX platform. Finally, Poloniex announced the introduction of several new trading pairs, tied to the USDT and USDC trading pairs

BitMEX feels Roubini's wrath following Tangle in Taipei

The news wasn't all positive, however, with various incidents and setbacks emerging across the month. Firstly, there was also trouble for BitMEX, with reports that the exchange was being investigated by the US-based regulator the Commodity Futures Trading Commission (CFTC). The reports followed a heated debate between CEO Arthur Hayes and economist Nouriel Roubini, which prompted Roubini to allege 'systematic illegality' against the derivatives platform. BitMEX saw unprecedented outflows of \$500 million over the month, suggesting some customer unease with the investigations.

Coinbase discontinues bundle product, BITpoint hacked for \$28 million

Further, Coinbase discontinued its much-publicised Coinbase Bundle product, amid continued drawdowns on altcoins. The bundle lost nearly 80% of its value over the course of the year since its introduction. Also, BITpoint, a little-known Japan-based exchange, suffered a serious security breach. The exchange initially announced that \$32 million had been stolen in the attack, before later announcing that the figure had been lowered to \$28 million and that affected customers would be reimbursed.

Circle moves operations to Bermuda

There were also some significant regulatory developments. US-based company Circle, which owns Poloniex, announced it would be moving its operations to Bermuda in an effort to expand its international asset offerings. Poloniex had recently begun geofencing some assets from US-based users amid suggestions of a tightening regulatory environment in the US. In the UK, the Financial Conduct Authority (FCA) showed that it is taking a tough stance on derivatives trading. The financial watchdog proposed a ban on the selling of derivatives products, often deemed a risky investment vehicle, to retail investors.

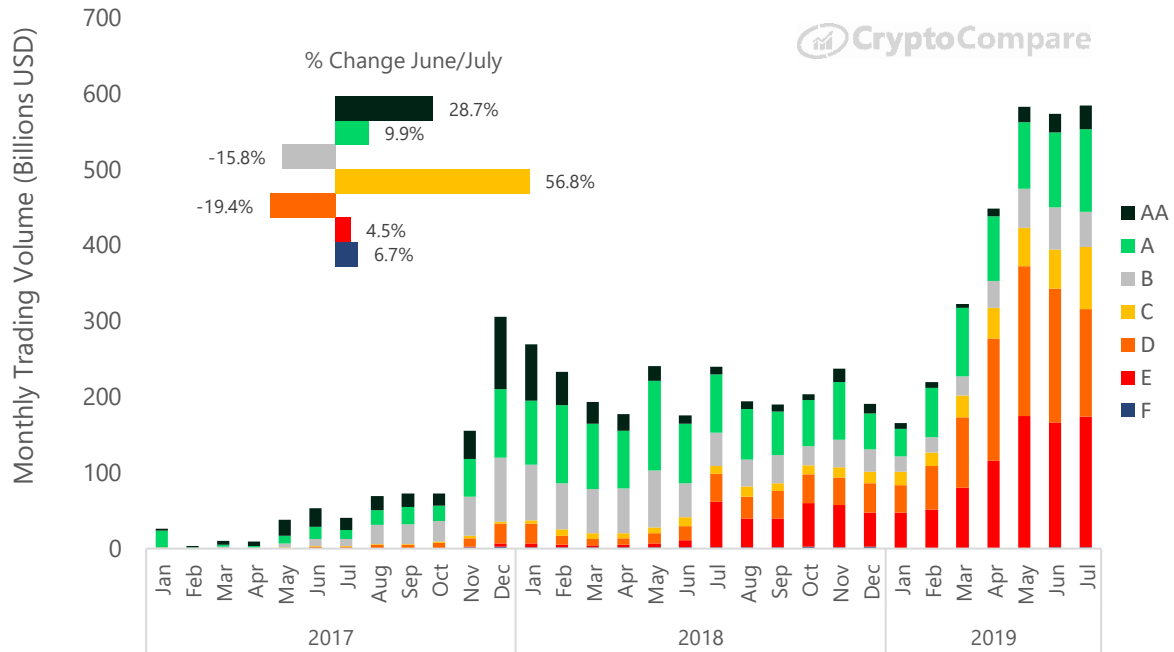
Exchange Benchmarking Analysis

CryptoCompare's Exchange Benchmark aims to serve investors, regulators and crypto enthusiasts by grading exchanges in terms of transparency, operational quality, regulatory standing, data provision, management team, and their ability to monitor trades and illicit activity effectively. Rather than drawing attention specifically to bad actors, we instead highlight those that behave in a manner that is conducive to maintaining an efficient and fair market, ensuring greater safety of investors. We have hence introduced the notion of "Trusted" vs "Untrusted" volumes.

Explore the Exchange Benchmark [here](#)

1 Aggregate Monthly Exchange Volumes

Figure 1 - Aggregate Monthly Volume by Grade



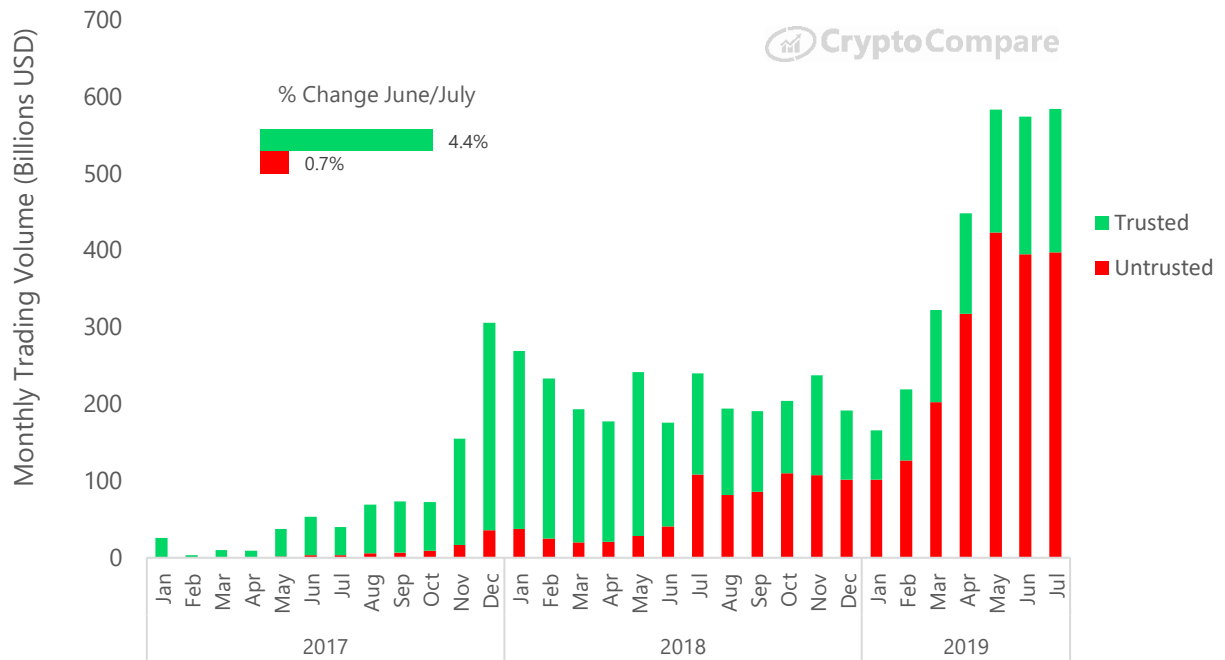
AA-graded exchange volume up 29% while lower quality volume still predominates

Exchanges with grades AA represented 5% (31 billion USD) of total aggregate volume in July, while those rated A and B represented 19% (119 billion USD) and 8% (47 billion USD) respectively.

Trading volume is still dominated by lower quality exchanges, with D-E rated exchanges representing 64% combined (316 billion USD).

However, in July, volume from the highest quality exchanges (AA and A) increased 29% and 10% respectively. Meanwhile volume from E-rated exchanges (representing 142 billion USD) decreased nearly 20% since the previous month.

Figure 2 Aggregate Monthly Volume by Trust Level

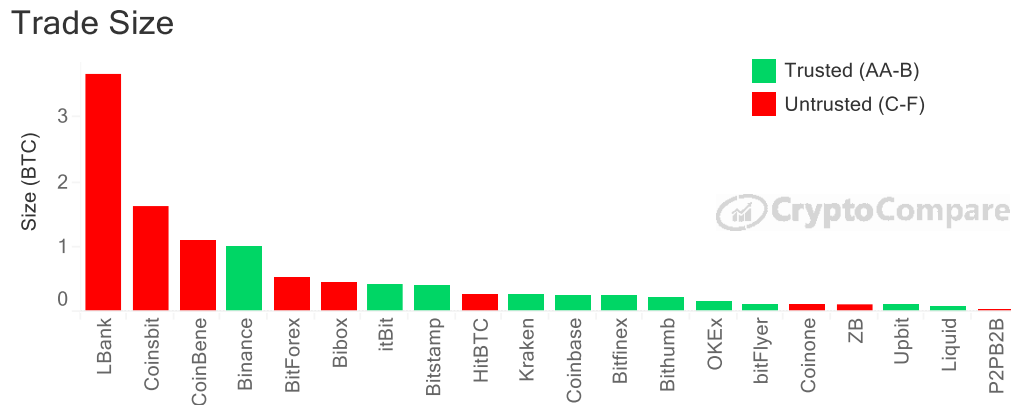


On aggregate, volume from trusted exchanges (AA-B) increased 4.4% while volume from untrusted exchanges (C-F) only increased 0.7%.

Aggregate trusted exchange volume still only represents 32% of the total market.

2 Trade Data Analysis by Trust Level

Figure 3 - Average Daily Trade Size (BTC) vs Trust Level – BTC Markets¹

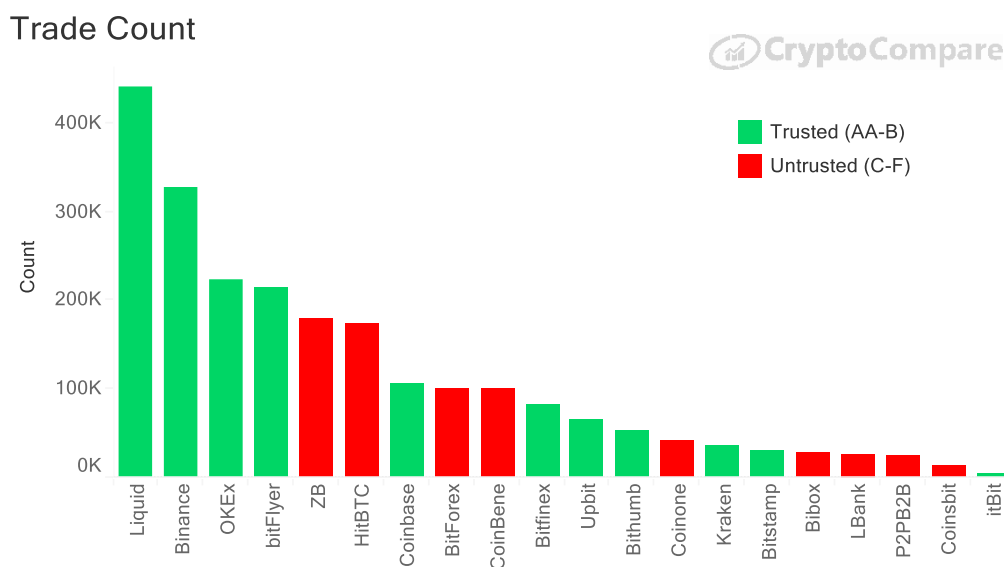


Untrusted exchanges LBank, Coinsbit and CoinBene had the largest average trade sizes relative to other top exchanges at an average of 3.7, 1.6 and 1.1 BTC respectively.

Compared to Coinbase (AA-rated), LBank (D-rated) revealed an average trade size of roughly 15 times higher.

In terms of trade count, LBank traded an average of 25,000 trades per day, while Coinbase traded over 100,000 trades per day.

Figure 4 - Average Daily Trade Count vs Trust Level - BTC Markets²



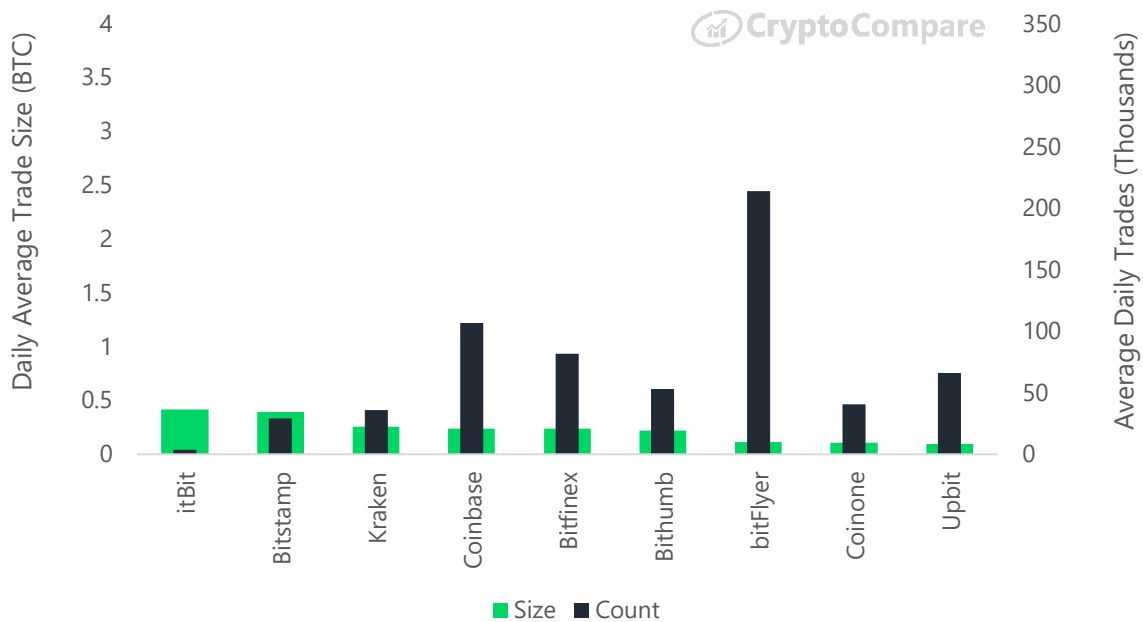
¹ Average daily trade size was calculated based on the daily average trade size for market, and then averaged over the course of a month of July. Markets vary for each exchange and include: BTC/USD, BTC/USDT, BTC/KRW, and BTC/JPY

² Average daily trade count was calculated based on the trade count per day, average over the month. Same markets as above.

Trade Data Analysis – Top Exchanges

1 Trade Count and Size

Figure 5 - Trade Count and Size - Top Crypto to Fiat Exchanges by Volume in July

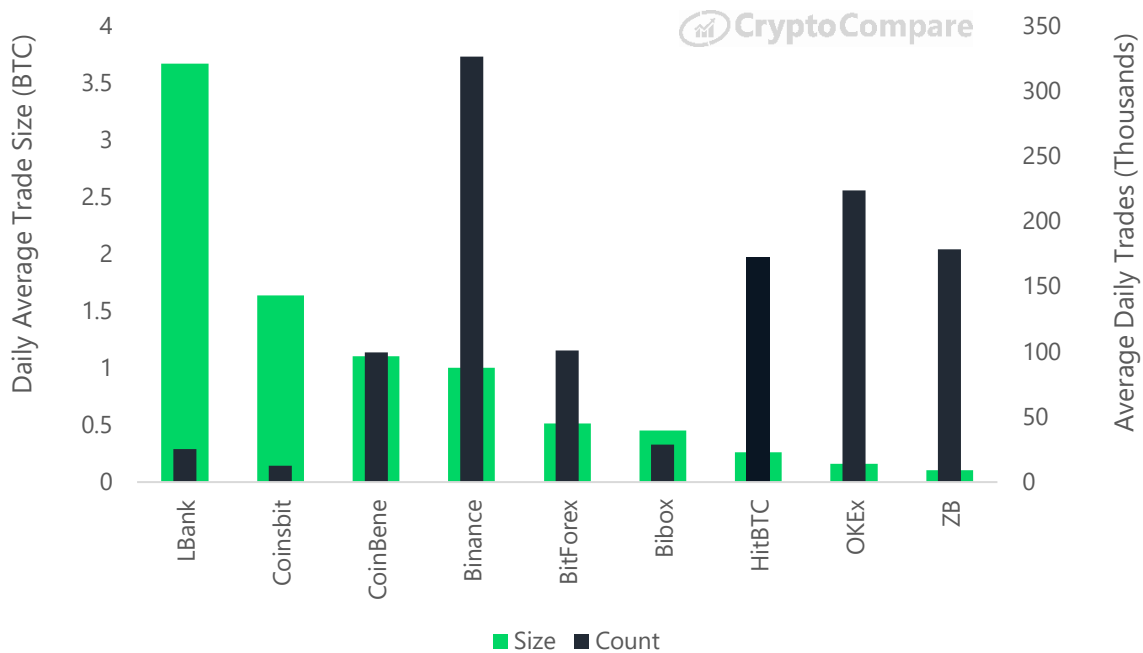


itBit, Bitstamp and Kraken had the largest average trade sizes in July, while Bithumb, Coinone and Upbit had lower trade sizes combined with higher trade counts.

Among the top fiat to crypto exchanges, itBit had the largest average trade size in July at 0.41BTC. This was followed by Bitstamp and Kraken at 0.39BTC and 0.25BTC respectively.

Meanwhile, other exchanges such as Bithumb, Coinone and Upbit all traded at lower average trade sizes (0.22BTC, 0.11BTC and 0.1BTC respectively) combined with higher trade counts (214k, 40.6k, 65.9k trades per day), suggesting more focus on retail traders.

Figure 6 - Trade Count and Size - Top Crypto to Crypto Exchanges by Volume in July



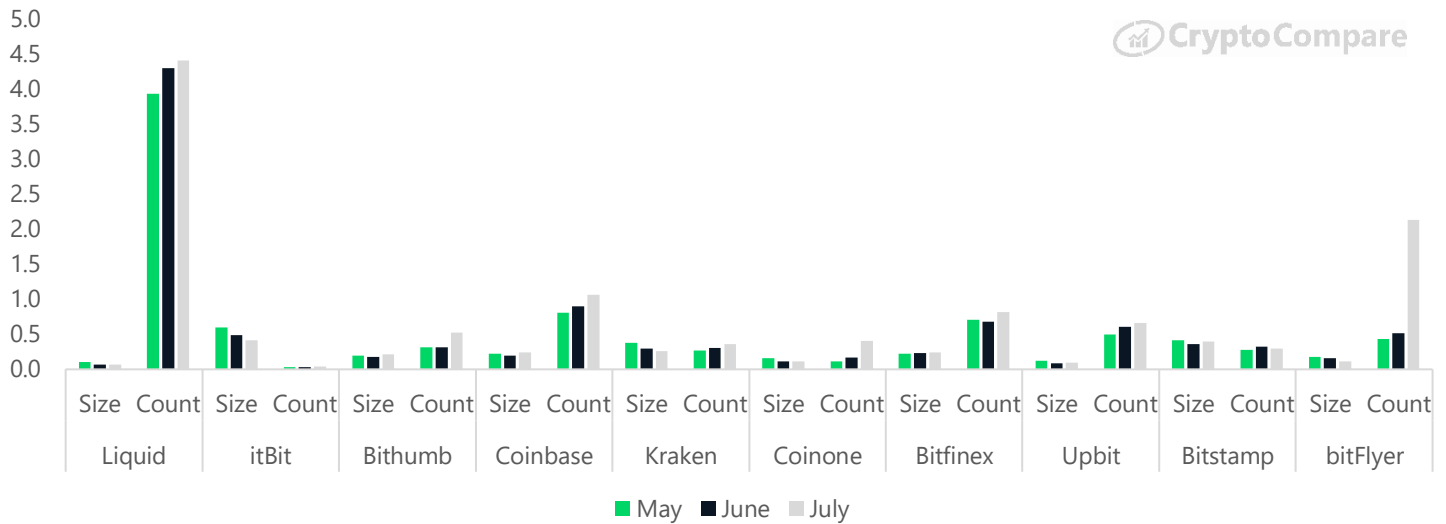
In July, LBank and Coinsbit showed high trade sizes combined with low trade counts, while HitBTC, OKEx and ZB revealed low trade sizes combined with high trade counts.

Exchanges HitBTC, OKEx and ZB showed trade sizes more in line with those of the top crypto to fiat exchanges (at 0.26BTC, 0.16BTC and 0.1BTC respectively), combined with average daily trades of between 170k to 230k.

In contrast, LBank and Coinsbit had the largest trade sizes in July (BTC-USDT markets), combined with relatively low daily trade counts at 25.4k, 12.3k in comparison to the other top crypto to crypto exchanges by volume.

2 Historical Trade Count and Size

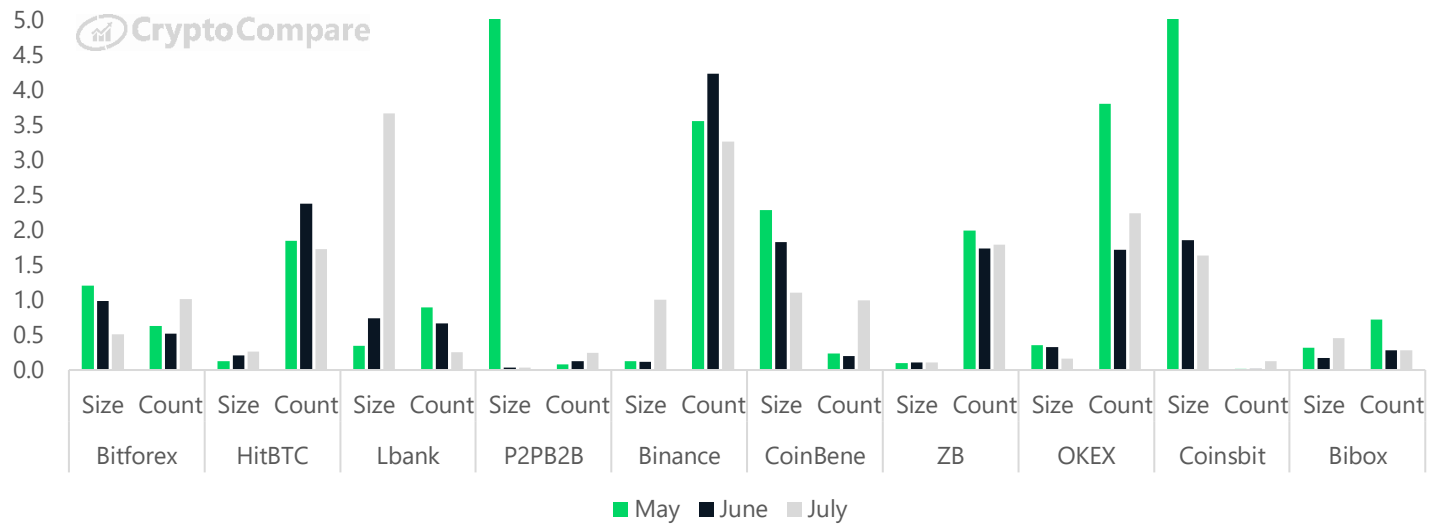
Figure 7 – Monthly Average Daily Trade Count (100,000 trades) vs Average Trade Size (BTC) – Crypto to Fiat Exchanges



Both historically and comparatively, average trade sizes (predominant BTC to fiat markets) for the top crypto to fiat exchanges are significantly more homogenous in comparison to the top crypto to crypto exchanges (see Fig 8).

On predominant BTC markets (USD vs JPY, vs KRW), Liquid (BTC-JPY) had the highest trade count (440,000 trades/day), increasing 2.5% since June, followed by BitFlyer (BTC-JPY) who saw a spike in trade count of 315% (to 213,000 trades/day) since the previous month. This is followed by Coinbase (BTC-USD), Bitfinex (BTC-USD) and Upbit (BTC-KRW) at 106k, 81.9k and 65.9k respectively.

Figure 8 - Monthly Average Daily Trade Count (100,000 trades) vs Average Trade Size (BTC) – Crypto to Crypto Exchanges

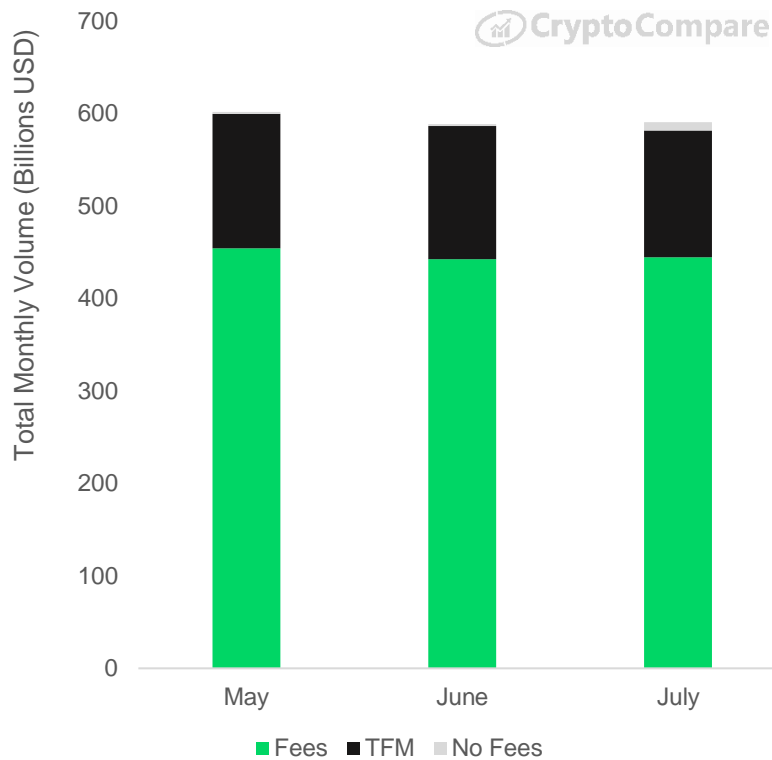


Historical trade sizes and counts were significantly more varied for crypto to crypto exchanges (BTC-USDT markets), with both LBank and Binance showing a sharp increase in trade size since June to 3.7BTC and 1BTC respectively. In contrast, Bitforex (BTC-USDT) and Coinsbit (BTC-USDT) showed a sharp decrease in average trade size.

Macro Analysis and Market Segmentation

1 Segmentation by Fee-Type

Figure 9 - Total Monthly Trading Volume by Predominant Fee Type

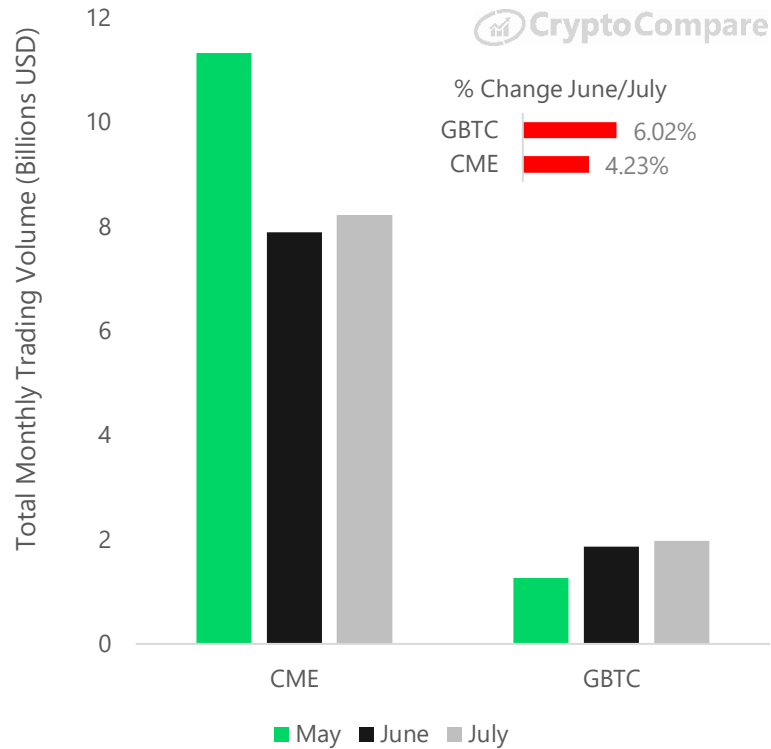


Exchanges that charge taker fees represented 75% of total exchange volume in July, while those that implement trans-fee mining (TFM) represented 23%.

Fee-charging exchanges traded a total of 445 billion USD in July (up 0.4% since June), while those that implement TFM traded 137 billion USD (down 5% since June). The remaining volume represented trading by exchanges that charge predominantly no trading fees, at 0.9 billion USD.

2 Bitcoin Derivatives Trading: Institutional Products

Figure 10 – Total Monthly Bitcoin Derivatives Volumes

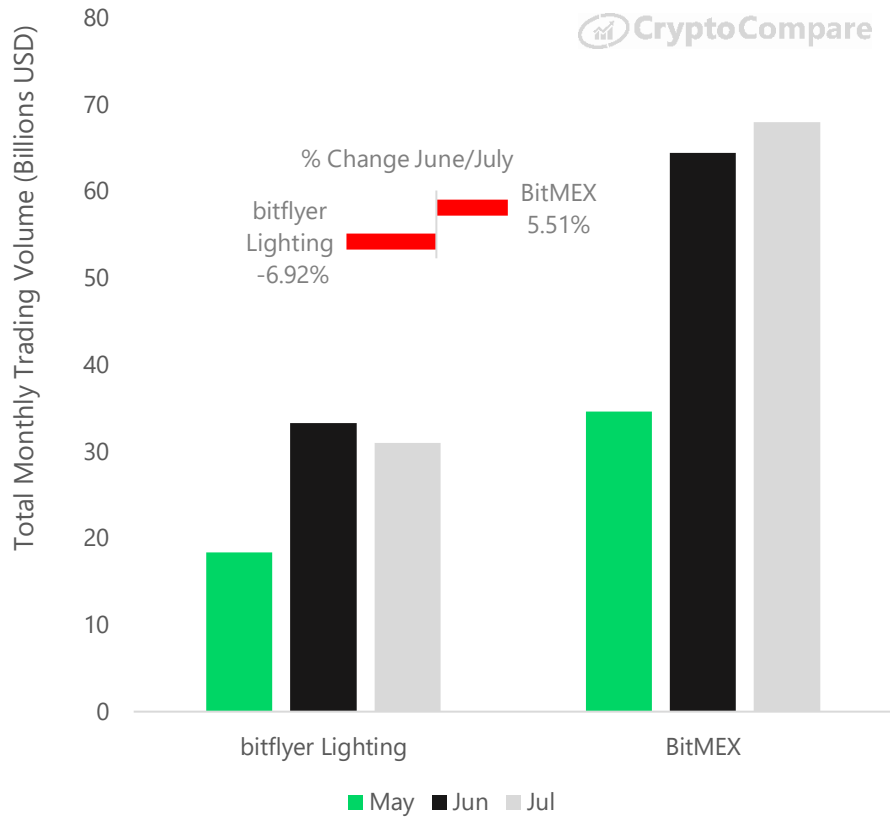


Regulated bitcoin derivatives product volumes are still dominated by CME, whose total trading volumes are up 4.23% since June at 8.2 billion USD. Grayscale’s GBTC Trust product.

CME’s bitcoin futures product volumes increased from a total of 7.9 billion USD traded in June to a total of 8.2 billion USD traded in July. Meanwhile, Grayscale’s bitcoin trust product (GBTC), continued to increase in terms of total trading volume with 1.98 billion USD traded in July (up 6.02% since June).

3 Bitcoin Derivatives Trading: Crypto Exchanges

Figure 11 - Perpetual Derivatives Products - BitMEX and BitFlyer Lighting Japan³



BitMEX’s total perpetual bitcoin futures product volume leads at \$68 billion, while that of bitFlyer’s stood at \$31 billion in July. BitMEX’s volume is up 5.51% since June while bitFlyer Lighting’s volume is down 6.92%.

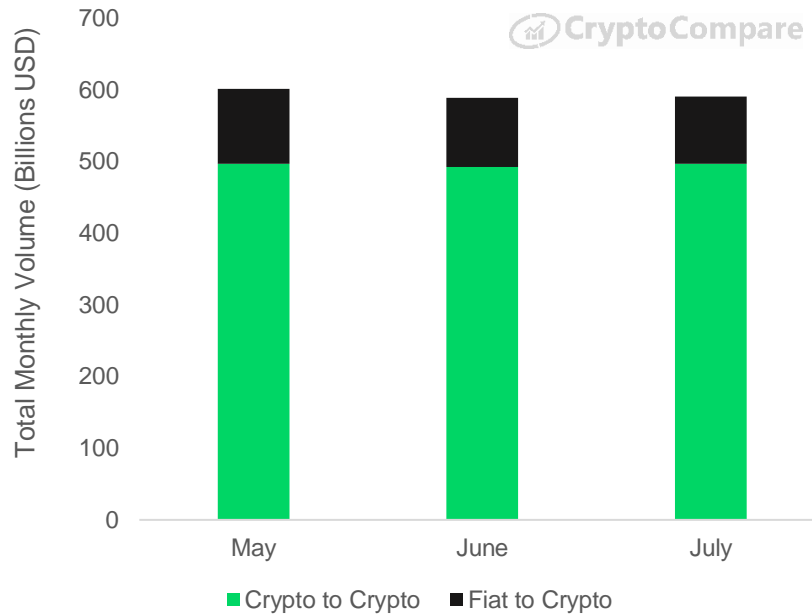
Despite BitMEX’s large Bitcoin outflows documented by TokenAnalyst on the 19th of July, and the recent reports concerning an investigation of the exchange by the United States Commodity Futures Trading Commission, trading activity increased since June.

For further information, please see “Case Study BTC Flows and BitMEX” on page 27.

³ All Volumes as in USD. BitMEX volumes represent their BTC/USD perpetual futures product. BitFlyer Lighting volumes represent their BTC/JPY perpetual futures product (in USD).

4 Segmentation by Fiat Pair Trading Capability

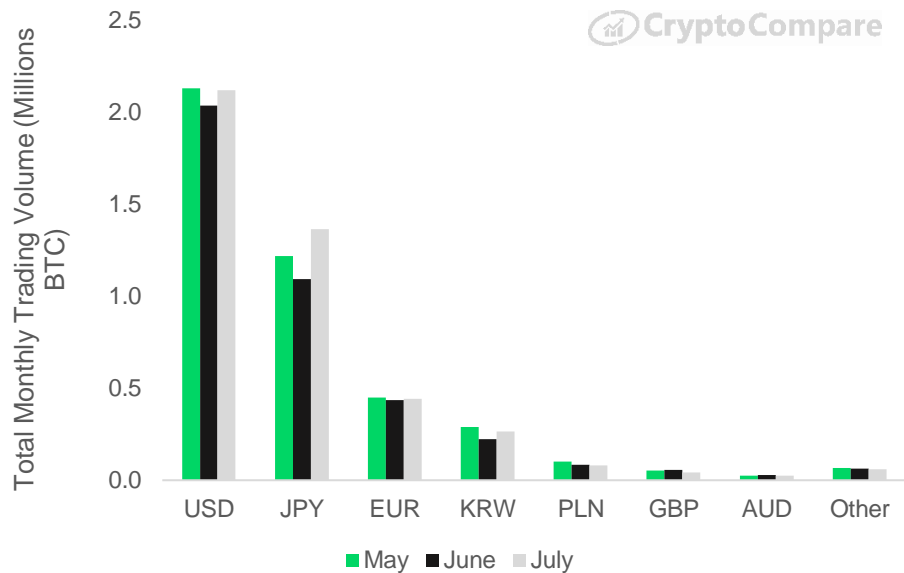
Figure 12 - Monthly Total Volume: Crypto to Crypto vs Fiat to Crypto Exchanges



Trading volume from exchanges that offer only crypto pairs represented 84% (497 billion USD) of total trading volume in July, while fiat to crypto exchanges represented 16% (93 billion USD). This is similar in proportion to the previous two months.

5 Bitcoin to Fiat Volumes

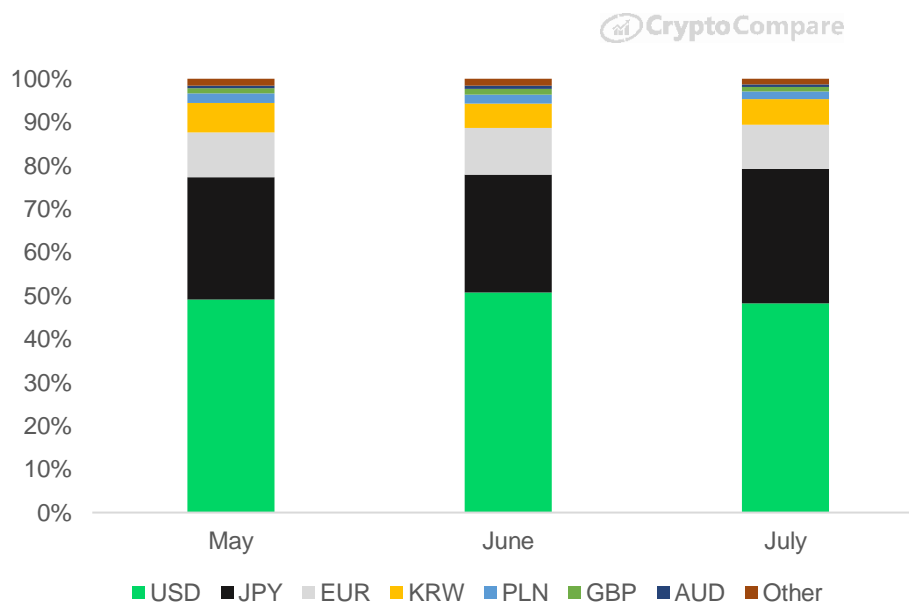
Figure 13 - Historical Monthly Bitcoin Trading Volume into Fiat



In July, 48% of all Bitcoin trading into fiat was made up of the US Dollar. BTC to USD volumes increased, from 2.04 million BTC in June to 2.11 million in July (up 4%).

Meanwhile, BTC trading into JPY represented 1.37 million BTC in July (up 25% since June), while BTC trading into EUR represented 442,000 BTC (up 1.78% since June).

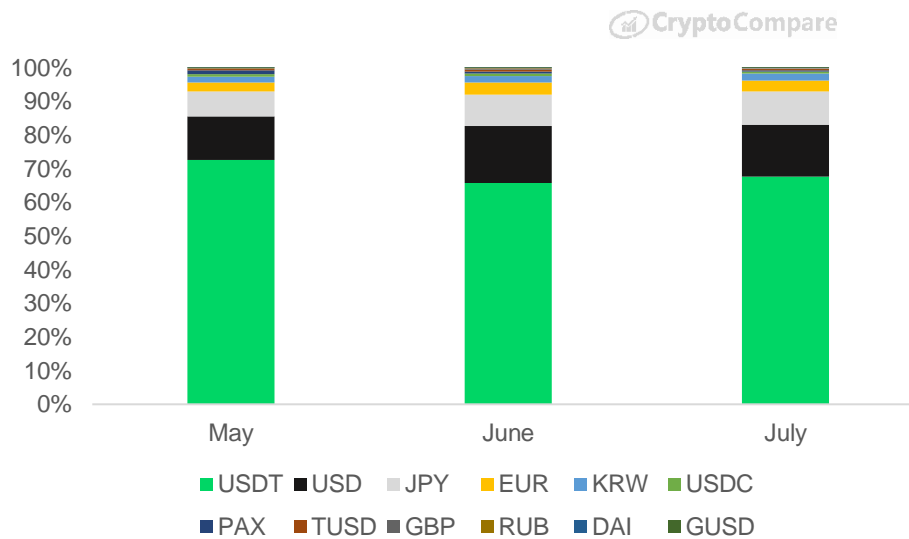
Figure 14 - Monthly Proportion of Total Monthly Bitcoin Trading into Fiat



In June, USD, JPY, EUR and KRW made up 95% of total trading from Bitcoin into fiat.

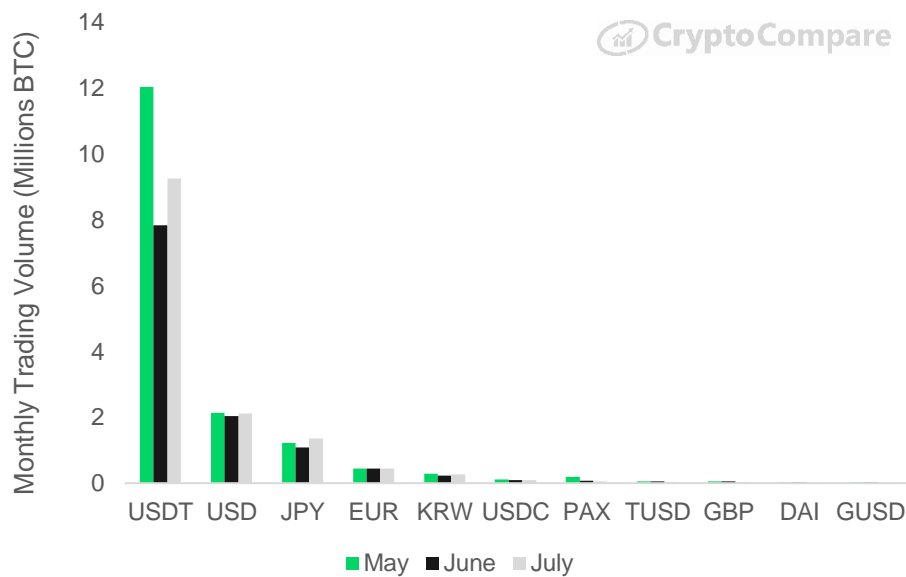
6 Bitcoin to Stablecoin Volumes

Figure 15 - Proportion of Total Monthly Bitcoin trading into Fiat or Stablecoins



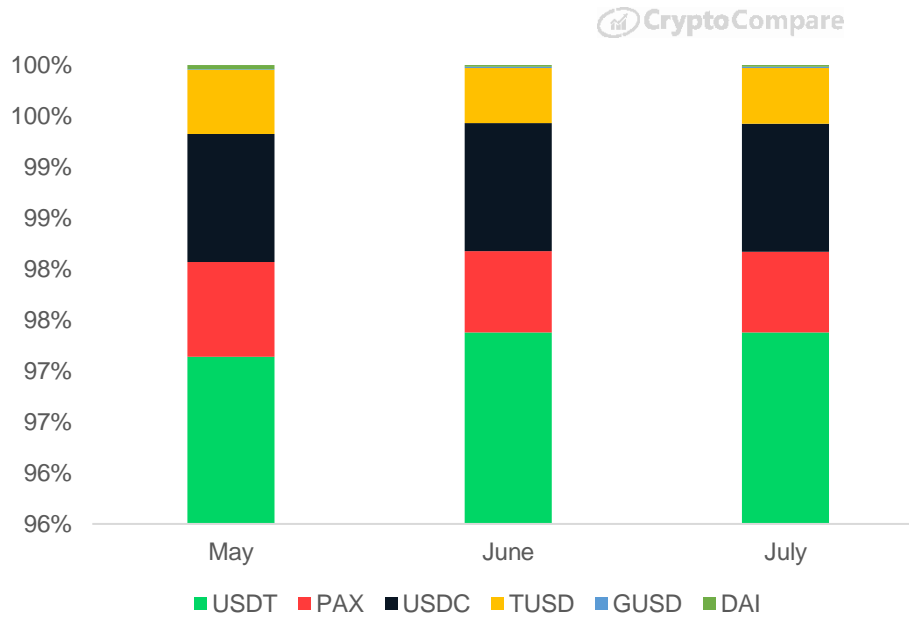
In July, BTC trading into USDT represented 67.6% of total volume (traded into fiat or stablecoin).

Figure 16 - Historical Monthly Bitcoin Trading into Fiat or Stablecoins



BTC trading into USDT totalled 9.25 million BTC (up 18% since June).

Figure 17 - Proportion of BTC Trading into Top Stablecoins



USDT continues to be the most popular stablecoin for trading with Bitcoin, followed by PAX, USDC and TUSD

USDT represents 97.3% of the total Bitcoin trading into these four coins.

Exchange Volume Rankings

Table 1 - Top 10 Crypto to Crypto Exchanges by Average Daily Volume in July

	AVG DAILY VOLUME (USD)	TOTAL MONTHLY VOLUME (USD)	PAIRS	COINS	GRADE*
LBank	1,451,939,055	45,010,110,697	169	113	D
OKEX	1,417,464,137	43,941,388,256	678	225	A
Binance	1,338,185,676	36,131,013,253	595	187	A
CoinBene	1,267,077,835	39,279,412,894	278	224	E
ZB	1,145,371,127	35,506,504,931	209	73	E
Bitforex	1,133,498,183	35,138,443,660	225	127	E
HitBTC	1,129,210,327	35,005,520,125	1,132	511	D
Bibox	1,126,469,583	34,920,557,086	277	115	C
BitZ	959,640,595	29,748,858,445	298	183	C
HuobiPro	839,677,266	26,029,995,234	415	173	B

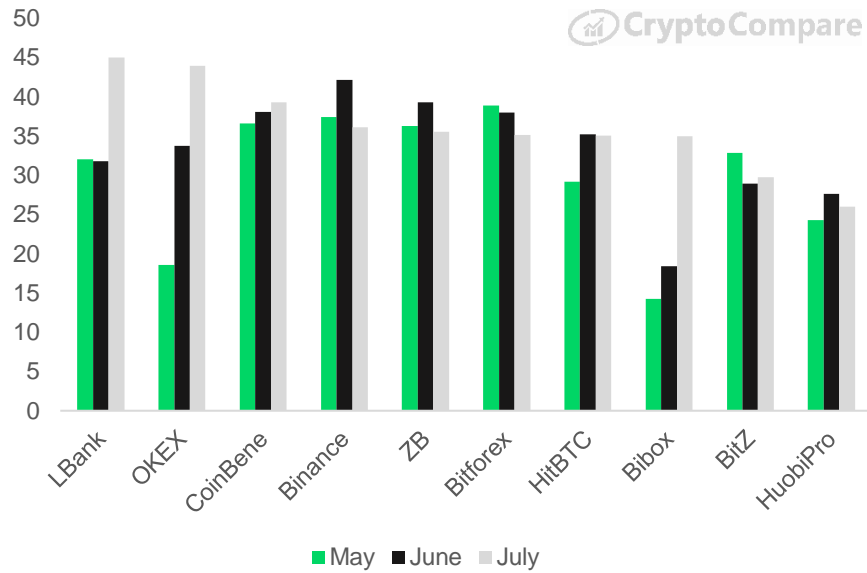
Table 2 - Top 10 Fiat to Crypto Exchanges by Average Daily Volume in July

	AVG DAILY VOLUME (USD)	TOTAL MONTHLY VOLUME (USD)	PAIRS	COINS	DOMINANT FIAT CURRENCY	GRADE*
Bithumb	656,594,308	20,354,423,550	85	85	KRW	A
Coinbase	402,326,259	12,472,114,035	55	21	USD	AA
Bitfinex	301,480,743	9,345,903,035	386	141	USD	B
Liquid	271,067,379	8,403,088,745	330	110	JPY	AA
Kraken	231,811,410	7,186,153,716	102	27	USD	A
Upbit	223,303,931	6,922,421,854	406	229	KRW	B
Bitstamp	183,074,623	5,675,313,317	18	7	USD	AA
bitFlyer	95,381,428	2,956,824,282	4	3	JPY	AA
P2PB2B	77,863,196	2,413,759,066	243	84	USD	N/A
Coinsbit	75,447,096	2,338,859,980	67	20	USD	E

*Please see [Exchange Benchmarking Report](#) for more information on grading

1 Top Exchanges by Total Monthly Volume

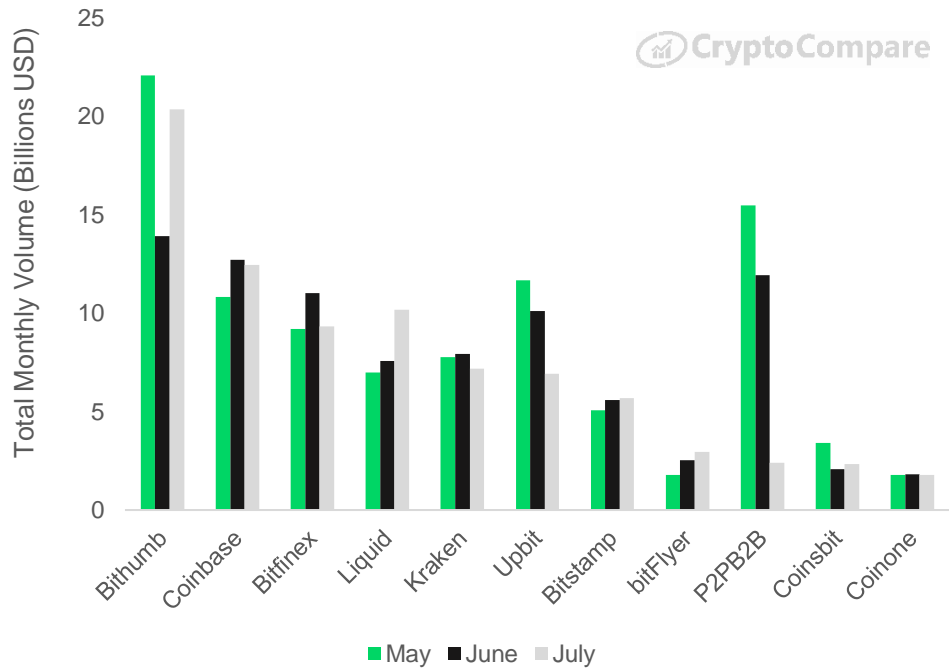
Figure 18 - Historical Monthly Volume - Top Crypto to Crypto Exchanges



LBank was the top crypto to crypto exchange by total volume in July at 45 billion USD (up 42% since June). This was followed by OKEx and CoinBene at 43.9 billion USD (up 30%) and 39.3 billion USD (up 3.29%) respectively.

2 Top Fiat to Crypto Exchanges by Total Monthly Volume

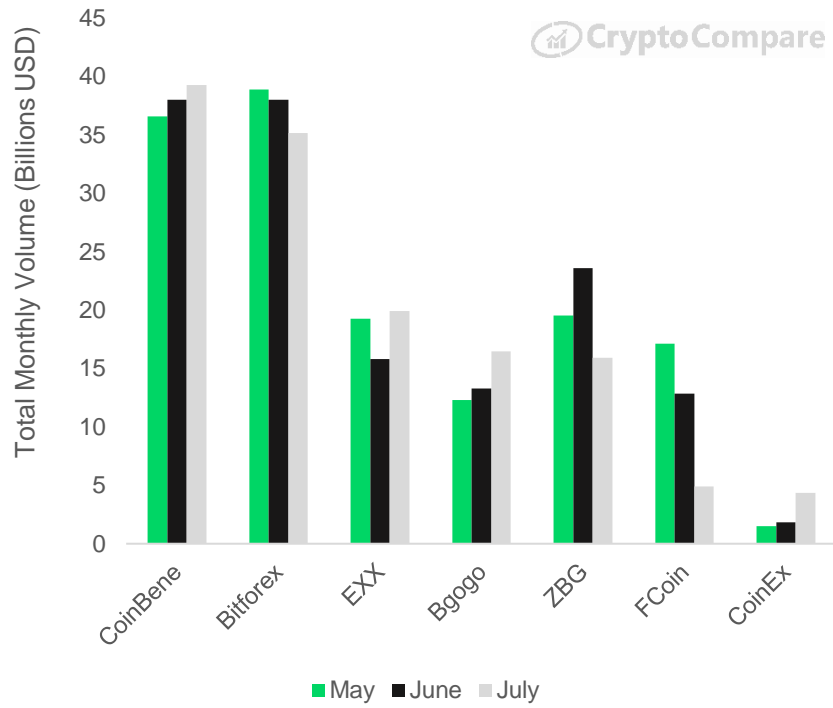
Figure 19 - Historical Monthly Volume - Top Fiat to Crypto Exchanges



Bithumb was the top fiat exchange by total volume in July at 20.4 billion USD (up 46.4% since June). This was followed by Coinbase and Bitfinex at 12.5 billion USD (down 2%) and 9.35 billion USD (down 15.2%) respectively.

3 Transaction Fee Mining Exchange Volume

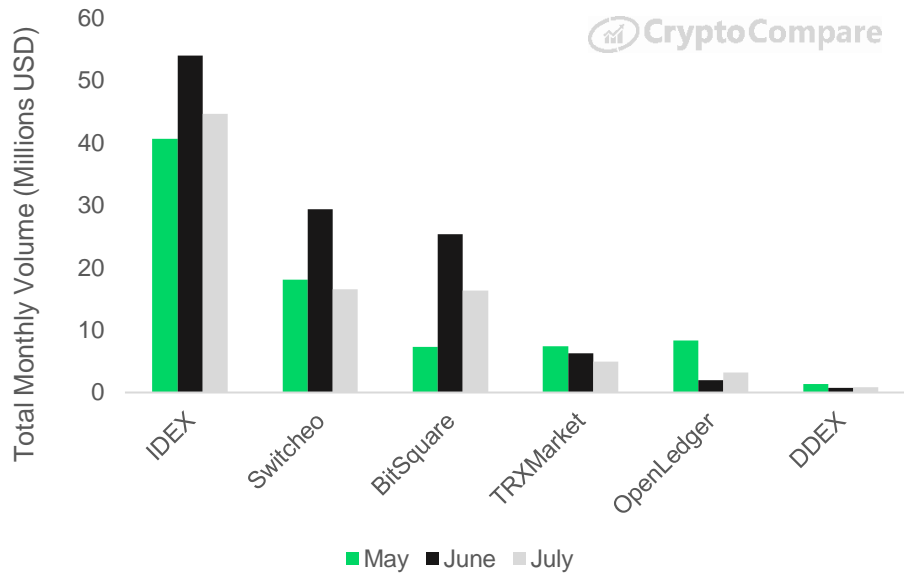
Figure 20 - Historical Monthly Volume - Top Transaction-Fee Mining Exchanges



CoinBene was the top TFM exchange by total volume in July at 39.3 billion USD (up 3.29%), followed by Bitforex at 35.1 billion USD (down 7.5%) and EXX at 19.9 billion USD (up 26.1%).

4 Decentralised Exchange Volume

Figure 21 - Historical Monthly Volume - Top Decentralised Exchanges

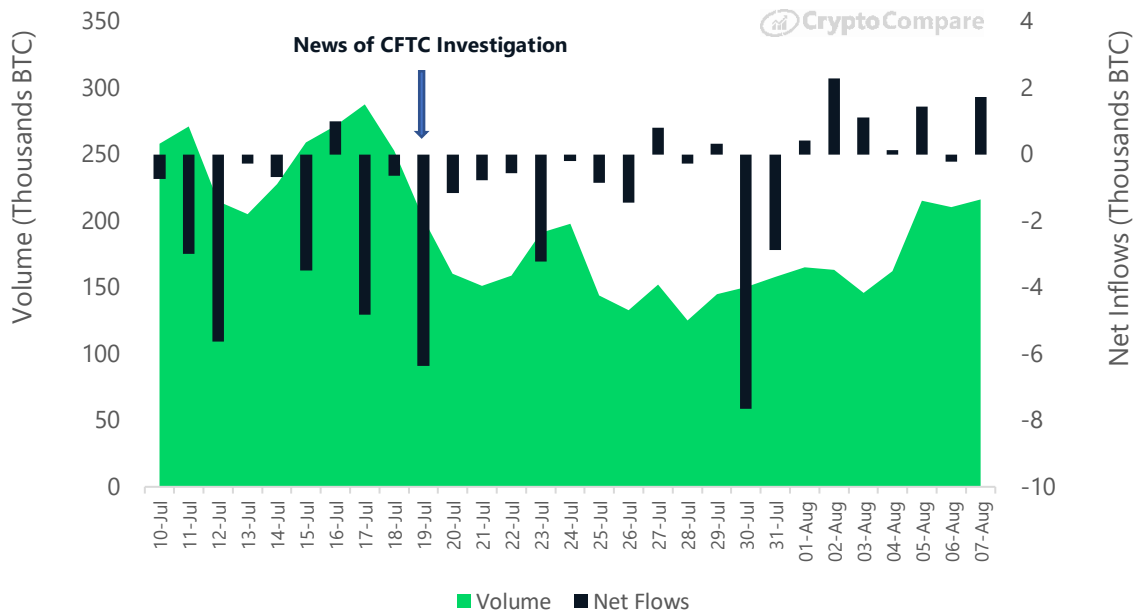


IDEX was the largest DEX in July trading a total of 44.6 million USD (down 17%), followed by Switchero and BitSquare trading 16.5 million USD (down 43%) and 16.4 million USD (down 35%) respectively.

DEXs represent only a small fraction of global spot exchange volume (0.01%), trading a monthly total of 86.9 million USD in July.

Case Study BTC Flows and BitMEX Volume

Figure 22 - BTC Net Inflows vs Trading Volume on BitMEX



Among the most notable exchange-related stories in July were [reports](#) that the US Commodity Futures Trading Commission (CFTC) is investigating crypto derivatives exchange BitMEX - allegedly due to regulators' concerns that BitMEX unlawfully allowed US citizens to trade on the exchange - although the investigation has not been made public by the CFTC.

While the reports noted that such investigations often do not result in allegations of misconduct and at the time of publication the investigation is still ongoing, the market did seem to react to the news, at least initially. Data from [TokenAnalyst](#) showed that in the days following the news on Jul 19, outflows from the exchange surged - exceeding inflows by \$73 million: inflows on Jul 19 totalled 8200.65 BTC while outflows totalled only 1834.75 BTC.

Contrary to some [narratives](#) at the time however, the data show that volume on the leading crypto derivatives exchange did not in fact slide significantly following the news on Jul 19 and had already started to slump substantially several days before the news. Moreover, taking a broad look at the fluctuations in volatility in BitMEX volume over the month - there is nothing unique in the slight drop in volume following the news - with greater swings in volume throughout July and the beginning of August.