



EXCHANGE REVIEW

AUGUST 2022

About CryptoCompare

CryptoCompare is an FCA authorised and regulated global leader in digital asset data, providing institutional and retail investors with high-quality real-time and historical data. Leveraging its track record of success in data expertise, CryptoCompare's thought-leadership reports and analytics offer objective insights into the digital asset industry.

About This Report

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 decentralized 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.

Please note that in certain circumstances, historical figures found in previous monthly reports may be updated in more recent reports to reflect our most up to date database information.

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

Explore the data on the CryptoCompare API

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>

Disclaimer

Due to the nature of exchange API endpoints and the practice of backfilling data, there may be data discrepancies between this edition and previous reports. The data presented below is correct up to the release date of this report.

For the August 2022 Exchange Review, we have received suspicious volumes from the Poloniex exchange, and this might lead to a disparity in the volumes reported in future publications.

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Key Market Insights

Volatility returned to the cryptocurrency markets in August as Bitcoin and Ethereum failed to break key resistance levels at \$25,000 and \$2,000 respectively, before a sell-off occurred following Fed Chairman Jerome Powell's speech in Jackson Hole.

Bitcoin and Ethereum closed the month at \$20,050 and \$1,554, falling 14.0% and 7.47% respectively. This volatility was reflected in the trading volume as spot trading on centralised exchanges jumped 36.8% to \$1.91tn.

Derivatives Volume Market Share at the Yearly Low

In August, derivatives trading volumes across all centralised crypto exchanges increased 1.91% to \$3.16tn, registering its first rise in three months. On the other hand, spot trading volumes rose 36.8% to \$1.91tn, recording the second-largest month by volume this year. This rise in spot trading volume has led to a 9.59% decline in derivatives market share to 62.4%, a yearly low for the metric.

Historically, the derivatives market has dominated crypto trading volumes. The fall in the derivatives market share reflects the uncertain macroeconomic conditions with rising inflation rates and a looming threat of recession. The price action following the Fed reiterating its stance to control inflation suggests that there was a strong sell-off from investors' spot holdings.

BTC Trading into USDT and BUSD Continues to Rise

Bitcoin trading into TetherUSD rose 15.4% to 10.1mn BTC in August as trading volatility returned to the markets. This is the highest volume recorded for the BTC/USDT trading pair since June 2020. The market share of USDT in BTC spot trading into stablecoin or fiat rose to 66.4%, the highest level since September 2020.

BinanceUSD has also seen its BTC spot trading volume rise in recent months. Although BTC spot trading into BUSD only rose 0.44% to 2.14mn BTC in August, the token has seen its volumes increase 394% from the start of the year. This is also the all-time high volume traded for the BTC/BUSD pair. Meanwhile, USDC and TUSD have seen their trading volume decline 11.4% and 63.0% respectively in August.

CME Futures Volume Hit New Lows

In August, the aggregate volume of BTC and ETH futures contracts on the CME fell 20.7% to \$28.9bn. This is the lowest volume recorded for the exchange since December 2020. The number of BTC futures contract trading on CME fell 22.7% to 182k, recording its lowest figure in four months. This combined with the falling price action of the markets has led to a decline in the BTC futures volume on the exchange to \$19.9bn, the lowest volume registered since November 2020.

Meanwhile, the number of ETH futures contract trading on the exchange fell 31.4% to 106k in August. The upcoming Merge narrative has failed to reflect on the ETH futures volume on the CME as it fell 17.4% to \$8.99bn. The exchange announced the launch of Ethereum Options on September 12.

August Exchange News

COMPANY	STORY	DATE
Coinbase	Coinbase selected by BlackRock	August 4
FTX	FTX partners with Reddit to roll out tokenized Community Points	August 9
Kraken	Kraken Proof of Reserves audit expands to include five new assets	August 11
KuCoin	KuCoin Wallet Integrates 1inch For Implementing Native Swap Function	August 11
FTX	FTX launches partnership with Paradigm for one-click futures spreads trading	August 12
Binance	Binance secures preliminary regulatory approval to operate in Kazakhstan	August 15
Gemini	Announcing the Launch of Gemini Staking	August 18
CME	CME Group to Launch Ether Options on September 12	August 18
FTX	FTX Posted \$1 Billion in Revenue Last Year Amid Crypto Rally: Report	August 22
Binance	Binance Launches Zero-Fee ETH Trading	August 23

Definitions

Metric	Definition
Top Tier Exchanges	Top Tier Exchanges refer to those that have scored Grade B and above in CryptoCompare's biannual Exchange Benchmark.
Lower Tier Exchanges	Lower Tier Exchanges refer to those that have scored Grade C and below in CryptoCompare's biannual Exchange Benchmark.
Spot Volumes	Volumes of trade where the financial assets are purchased or sold for immediate delivery.
Derivatives Volumes	Volumes of trade where the contract between two parties which derives their value or price from an underlying asset purchased or sold.
Futures Contracts	Derivatives contracts that oblige parties to trade an asset at a predetermined price and date.
Options Contracts	Derivatives contracts that give the holder the right, but not the obligation, to trade an asset by a certain date at a specified price.
Open Interest	Number of outstanding derivative contracts that have not been settled for an asset.

Exchange Benchmark Analysis

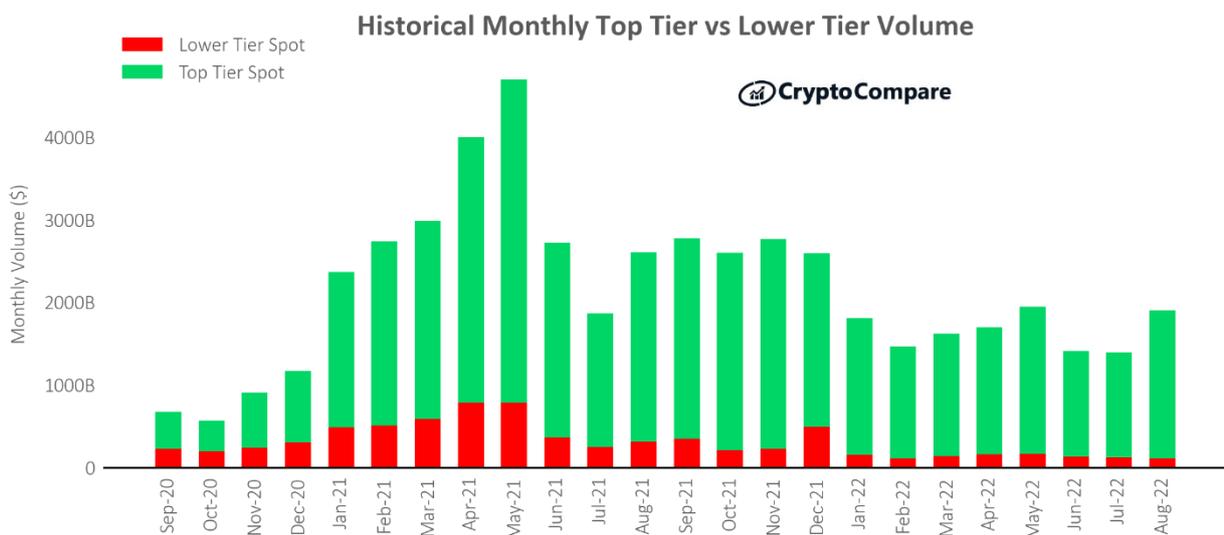
CryptoCompare’s biannual Exchange Benchmark aims to serve investors, regulators and industry participants by scoring and ranking exchanges on the basis of their operational transparency, security, operational quality, regulatory standing, data provision, management team, and ability to monitor trades and illicit activity effectively. Rather than focussing on bad actors, we instead choose to highlight those that behave in a manner conducive to maintaining efficient and fair markets, ensuring greater safety of investors.

We hence refer to the notion of “Top-Tier” vs “Lower-Tier” volumes and exchanges, as explained in greater detail in the Exchange Benchmark Report methodology.

Explore the Exchange Benchmark [here](#)

In this report, we assess exchange activity via the above segmentation, particularly for spot markets. Apart from this, we study the market segmentation between different exchanges and assets, derivatives, and dive deeper into CME data, one of the largest derivatives exchanges across multiple asset classes.

Top Tier vs Lower Tier Exchange Volumes



In August, total spot trading volumes rose 36.8% to \$1.91tn. The Top-Tier spot volumes increased 41.6% to \$1.80tn and Lower-Tier spot volumes decreased 12.3% to \$108bn. Top-Tier exchanges now represent 94.3% of total spot volume. This is the highest market share of the Top-Tier exchanges recorded since November 2017.

Top Tier Exchanges Continue to Dominate the Markets

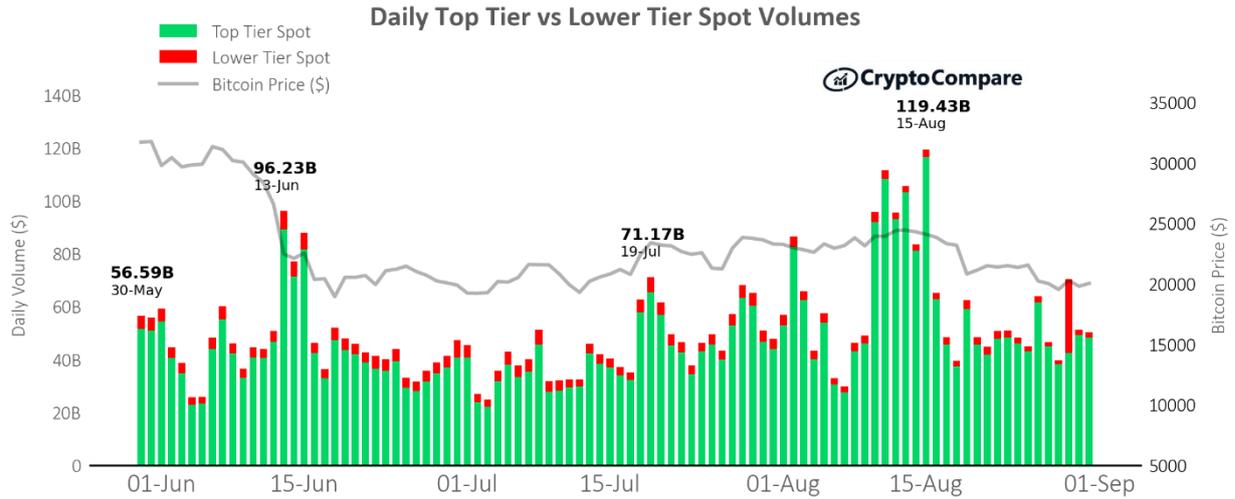
In August, spot trading volume on Top Tier exchanges rose 41.6% to \$1.79tn, the highest monthly volume recorded in 2022. Meanwhile, spot trading volume on Lower Tier exchanges fell 12.3% to \$108bn, continuing its decline for the third consecutive month.

This month also recorded the lowest trading volume on Lower Tier exchanges since February 2019. The market share of Top Tier exchanges is currently at 94.3%, the highest since November 2017. The rise in the market share of the top-tier exchanges is a welcome sight, indicating an influx of trading volume on more reliable exchanges.

Top Tier Exchanges refers to those that have scored Grade B and above in CryptoCompare’s biannual [Exchange Benchmark](#). The Exchange Benchmark aims to protect consumers by scoring and ranking exchanges based on various metrics including legal or regulation, security, asset quality, data provision and transaction risks. The next iteration of CryptoCompare’s Exchange Benchmark is due for release in Q4 this year.

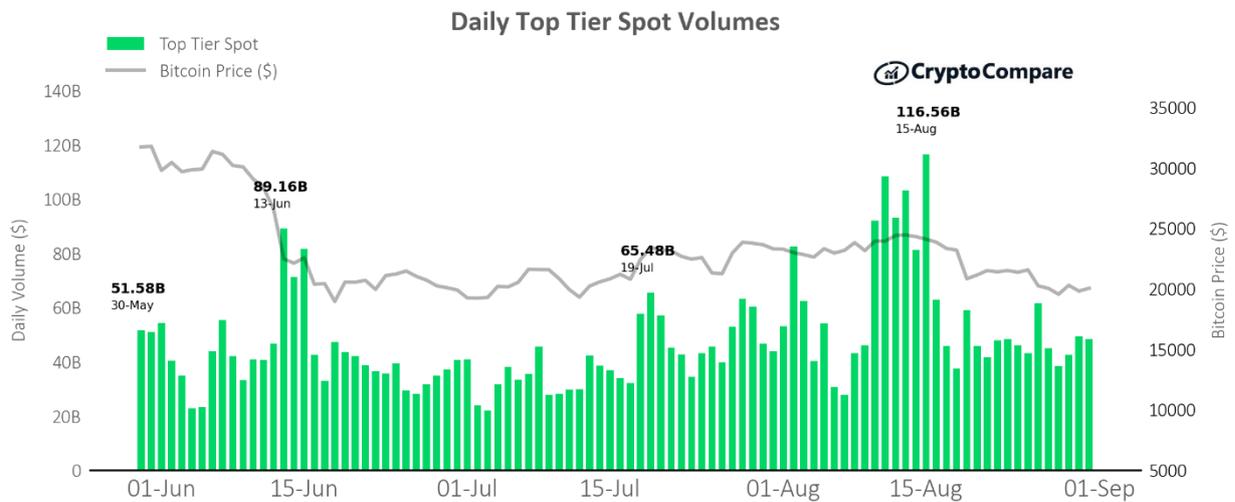
Market Share of Top Tier and Lower Tier Exchanges





Trading activity across spot markets increased significantly compared to the previous month as trading volatility returned to the cryptocurrency markets. A daily volume maximum of \$119bn was traded on the 15th of August, up 67.8% from the intra-month high in July.

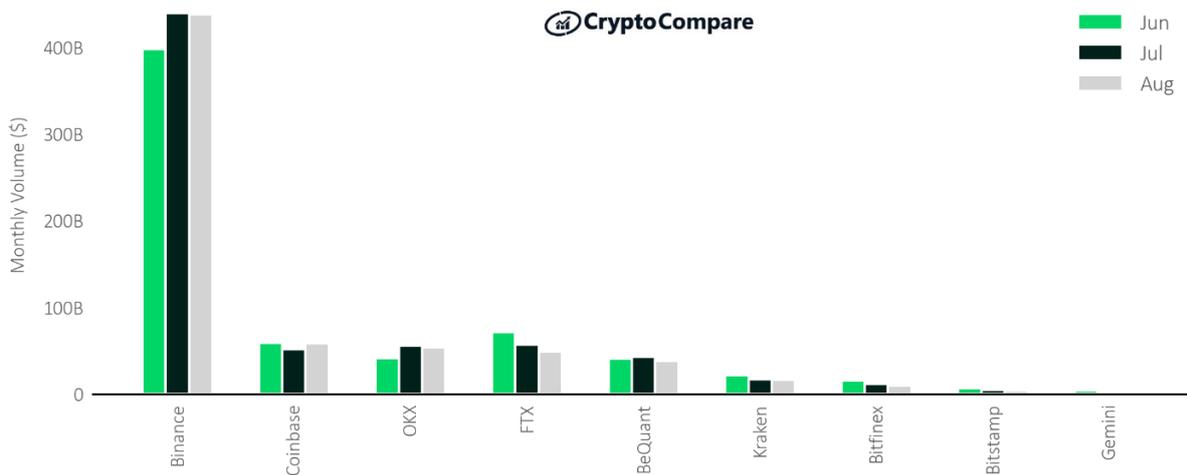
Top-Tier exchanges traded a daily volume maximum of \$117bn on the 15th of August, up 78.0% from July. Top-Tier exchanges are selected based on our rigorous [Exchange Benchmark Methodology](#).



Macro Analysis and Market Segmentation

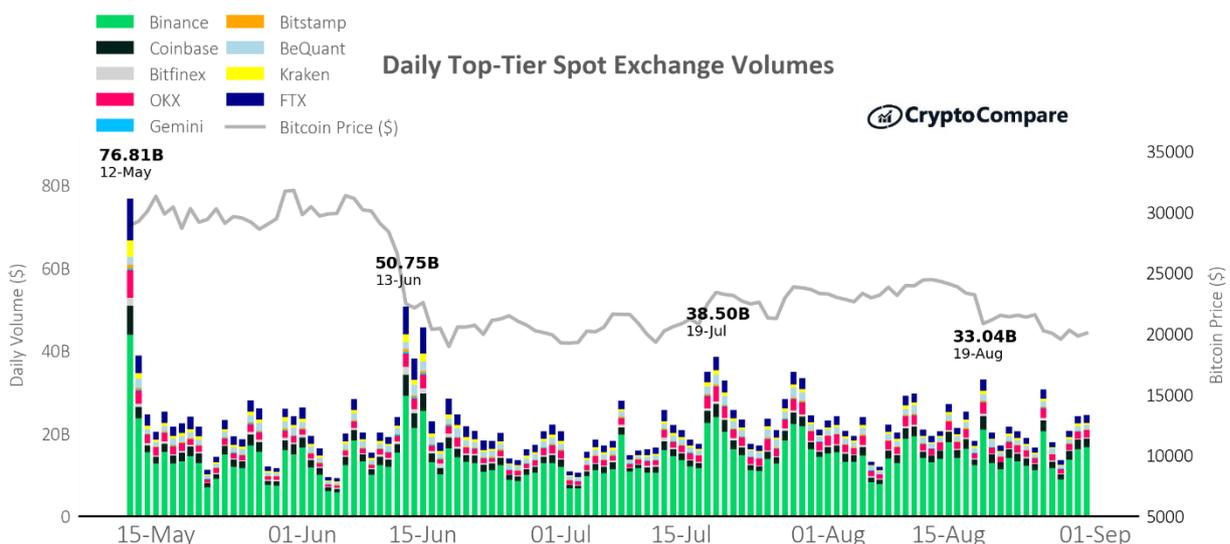
In August, spot volume from the 15 largest Top-Tier exchanges decreased by 2.12% compared to July, with total spot volumes of \$795bn.

Historical Monthly Top-Tier Spot Volume - 3 Months



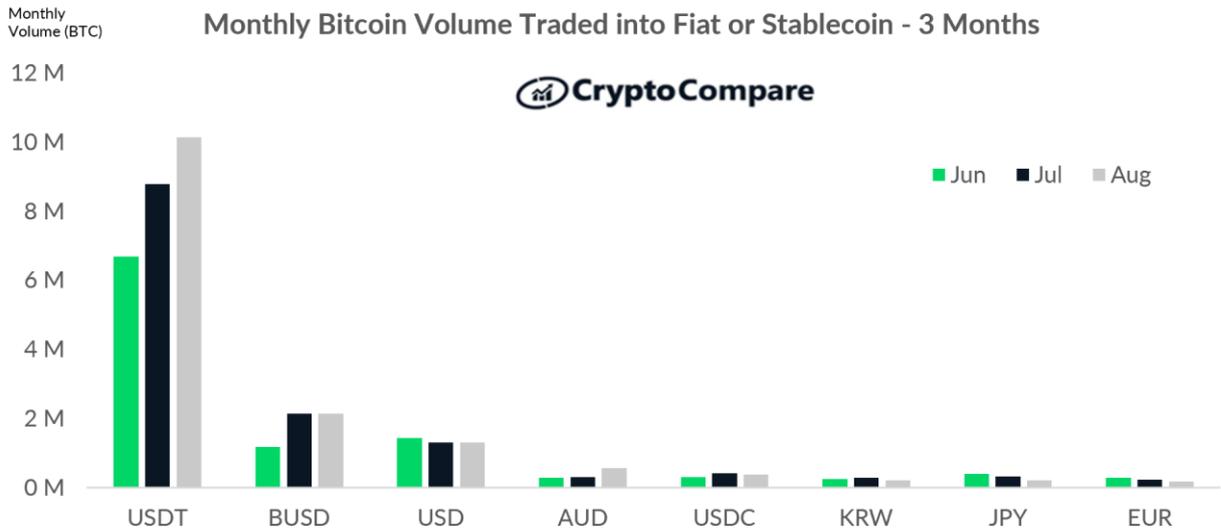
Considering individual exchanges, Binance (Grade AA) was the largest Top-Tier spot exchange by volume in August, trading \$438bn (down 0.25%). This was followed by Coinbase (Grade AA) trading \$58.3bn (up 13.2%) and AAX (Grade BB) trading \$54.9bn (down 4.09%).

OKX (Grade BB) and FTX (Grade A) followed, trading \$53.6bn (down 3.56%) and \$49.1bn (down 13.6%) respectively.



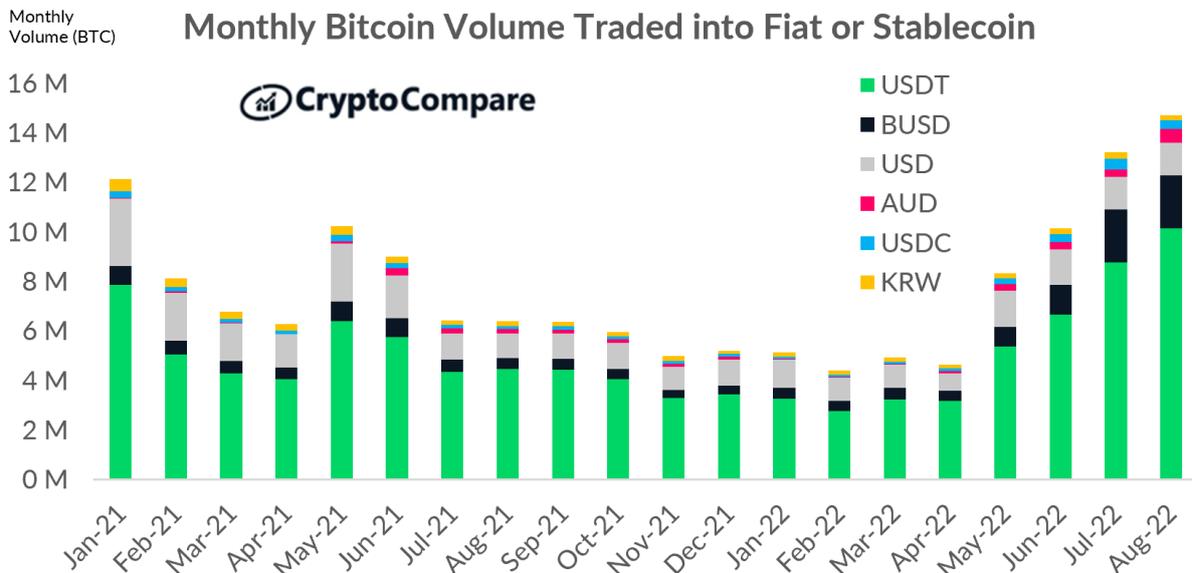
Binance (AA), Coinbase (AA), and AAX (BB) were the top players in terms of spot volume in August relative to other Top-Tier exchanges. Among the largest 15 Top-Tier exchanges by volume, they represented approximately 69.3% of total volume (vs 67.4% in July). Binance remains the market leader with 55.1% of the market share.

Bitcoin to Fiat Volumes



BTC spot trading into USDT increased by 15.4% in August, to 10.1mn BTC as investors continue to prefer safety under the current uncertain macroeconomic conditions. BTC spot trading into BinanceUSD (BUSD) and USD followed, rising 0.44% and 0.33% to 2.14mn BTC and 1.31mn BTC respectively. Australian Dollars (AUD) followed, increasing 79.1% to 556k BTC.

USDC remained as the next favoured stablecoin, falling 11.4% to 368k BTC while TrueUSD continued its decline with BTC trading volume declining 63.0% to 6.44k BTC.



In August, BTC/USDT trading continues to represent the majority of BTC traded into fiat or stablecoin spot markets. Its dominance has increased to 63.9% from 62.7% in July.

Binance Doubles Down on BinanceUSD

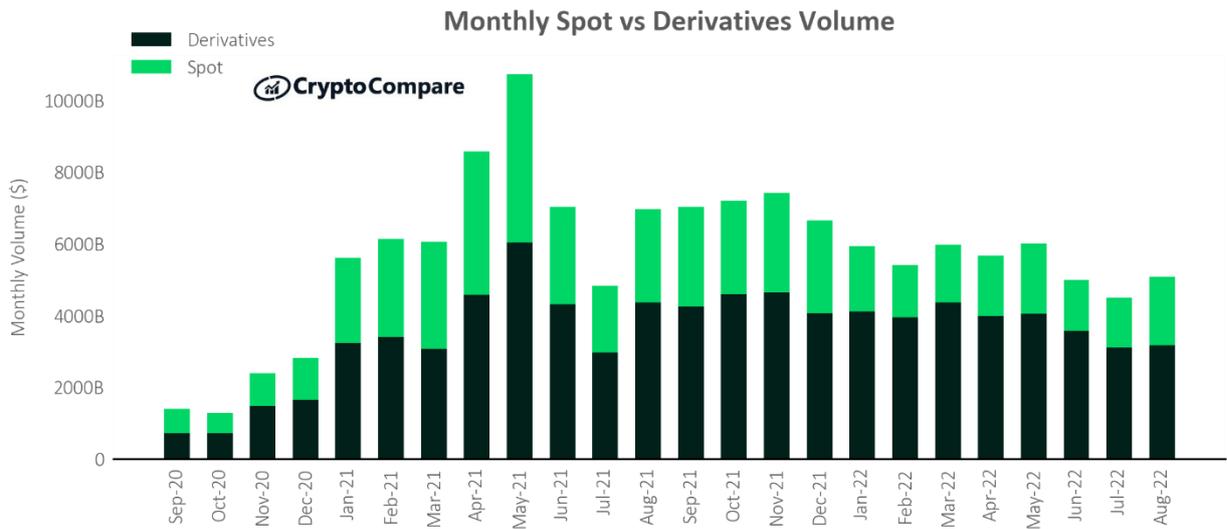
Recently, the largest centralised exchange by trading volume, Binance, has been introducing features that could increase the utility of its stablecoin BinanceUSD. In August, the exchange launched zero-fee trading for the ETH/BUSD in anticipation of the upcoming Ethereum Merge on September 15. This feature differs from the zero-fee trading for BTC trading pairs announced last month as BUSD is the only beneficiary from the zero-fee Ethereum trading.

On September 5, the exchange announced its decision to auto-convert users' existing balance and deposits of USDC, USDP, and TUSD stablecoins to BUSD. The move was made to enhance liquidity and capital efficiency as it avoids fragmentation of liquidity on trading pairs. As the utility of BinanceUSD increases, the stablecoin has seen its trading volume increase significantly in the past six months. On the other hand, the announcement is likely to have less impact on the affected stablecoins as their trading volume on the exchange is very minimal compared to BUSD.

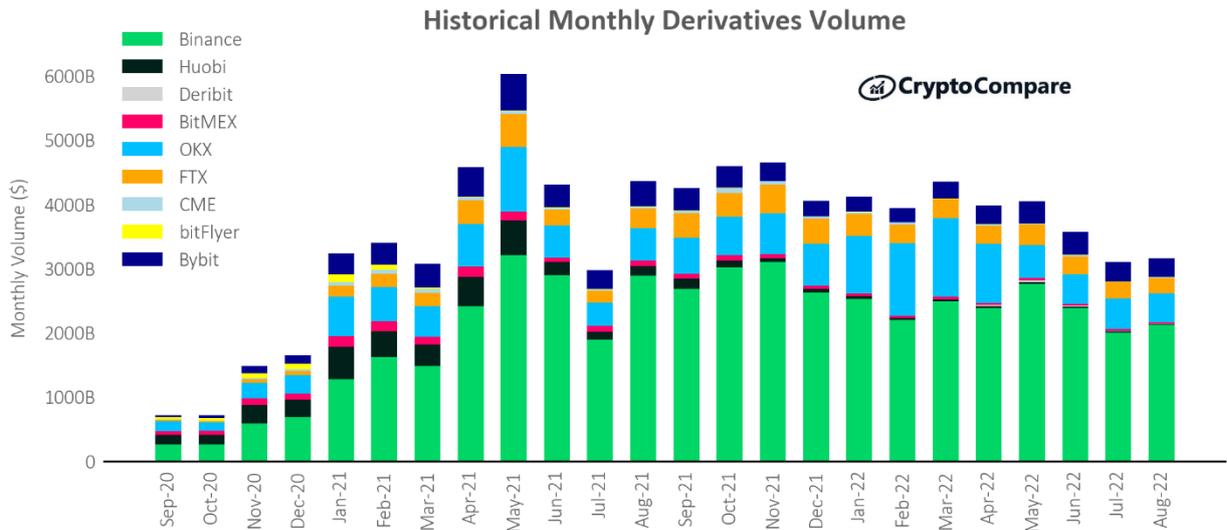
Ethereum Trading Volume for BUSD, USDC, USDP, and TUSD on Binance in August



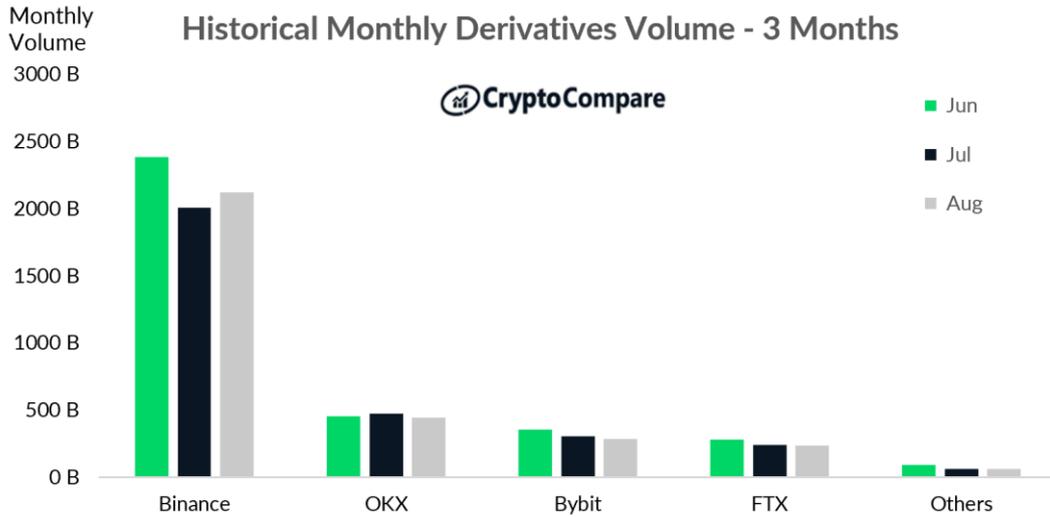
Derivatives



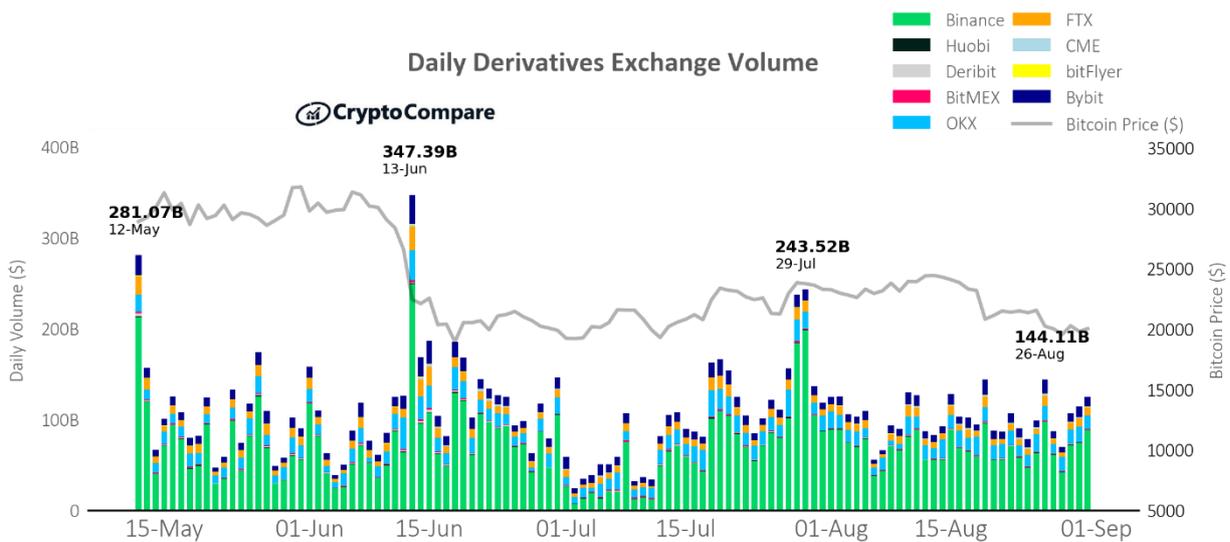
Derivatives volumes increased by 1.91% in August to \$3.16tn. Meanwhile, total spot volumes increased by 36.8% to \$1.91tn. The derivatives market now represents 62.4% of the total crypto market (vs 69.0% in July).



Binance leads the derivative markets with 67.1% (\$2.12tn) of total volumes in August. This was followed by OKX (14.1% market share, \$445bn) and Bybit (9.16% market share, \$290bn).

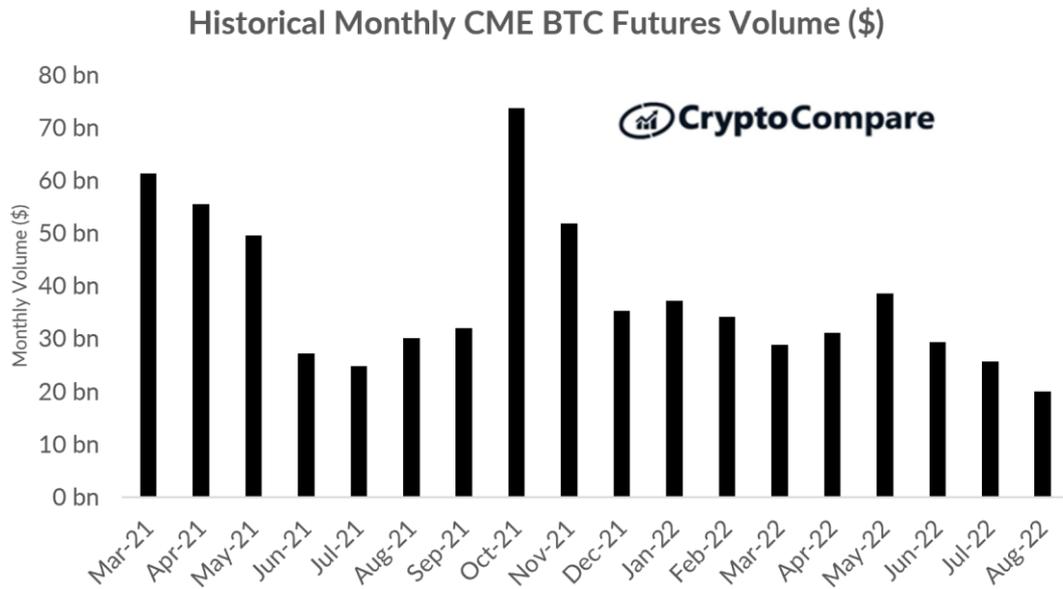


Binance was the largest derivatives exchange in August by monthly volume, trading \$2.12tn (up 5.59% since July) followed by OKX (\$445bn, down 6.91%), Bybit (\$290bn, down 6.07%) and FTX (\$240bn, down 1.90%).

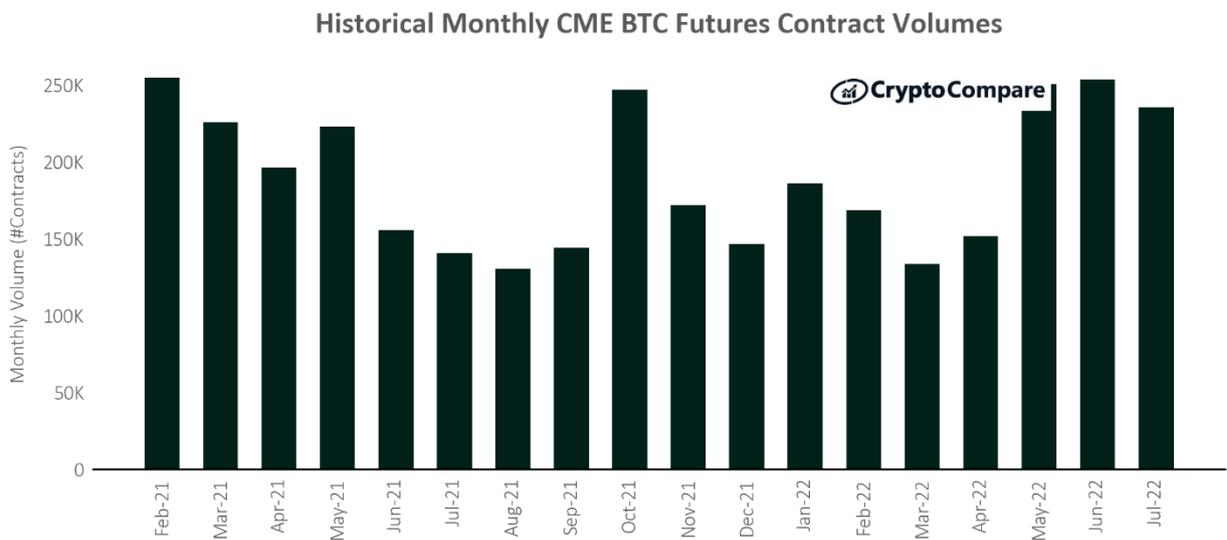


Derivatives exchanges traded a daily maximum of \$144bn on the 26th of August, down 40.8% from July's intra-month high of \$244bn.

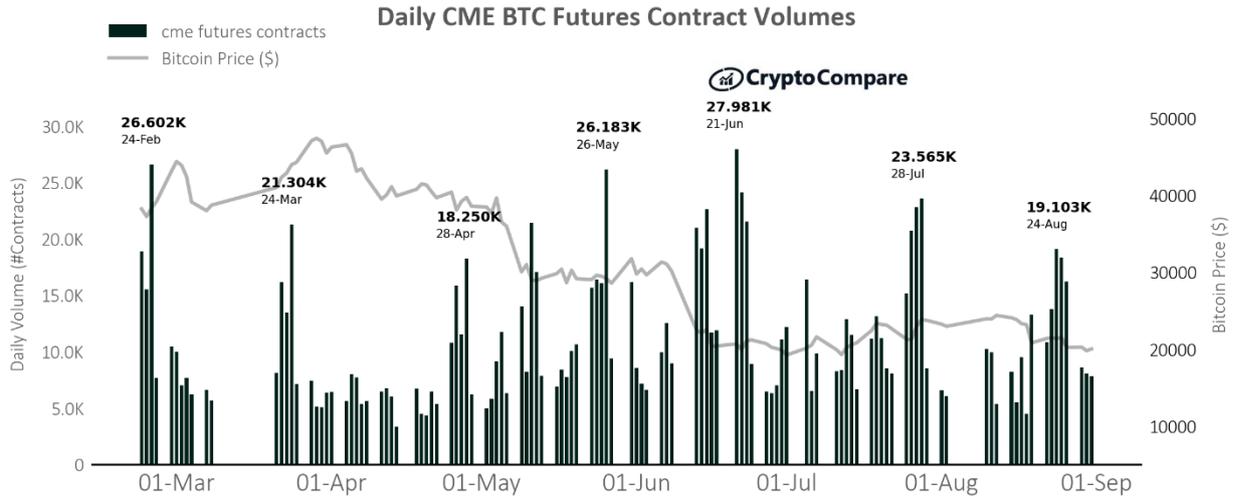
CME Institutional Volume and Open Interest



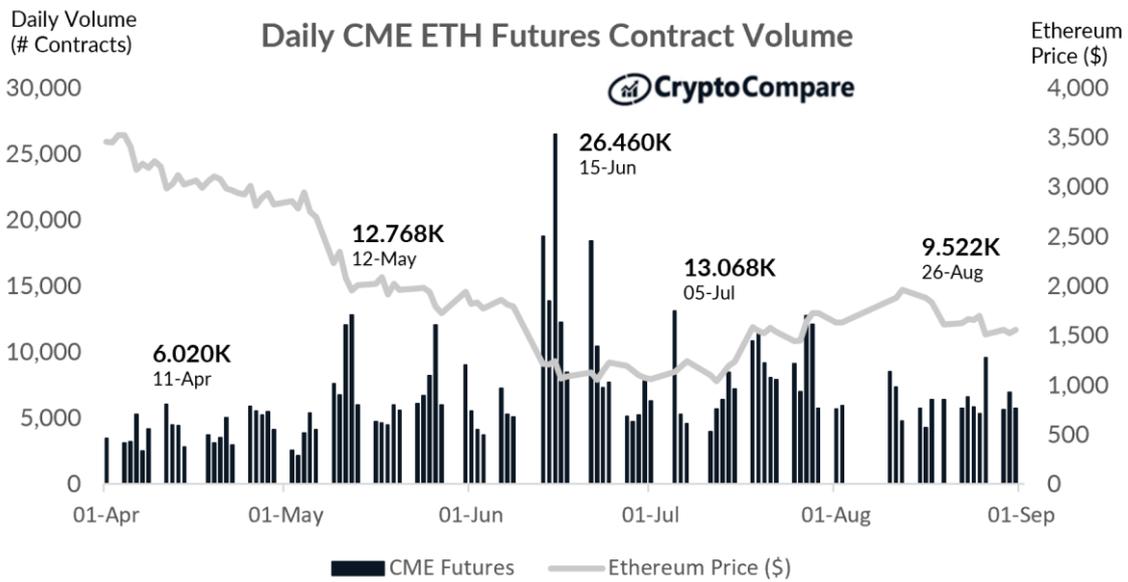
In August, CME’s BTC futures volume fell 22.1% to \$19.9bn, the lowest volume recorded since November 2020.



182,200 BTC futures contracts were traded in August, down 22.7% since July. This was the lowest number of BTC futures contracts traded on the CME since April.



19,103 BTC futures contracts were traded on the 24th of July, a daily maximum for the month.



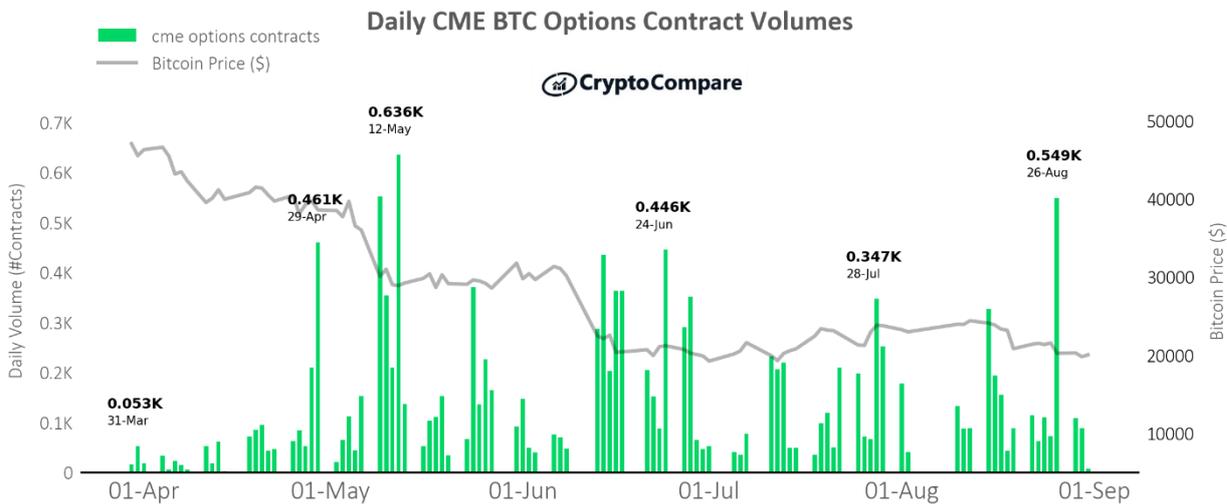
There were 9,522 ETH futures contracts traded on the 26th of August, a daily maximum for the month.

106,035 ETH futures contracts were traded in August, down 31.3% since July.

Historical Monthly CME BTC Options Contract Volumes

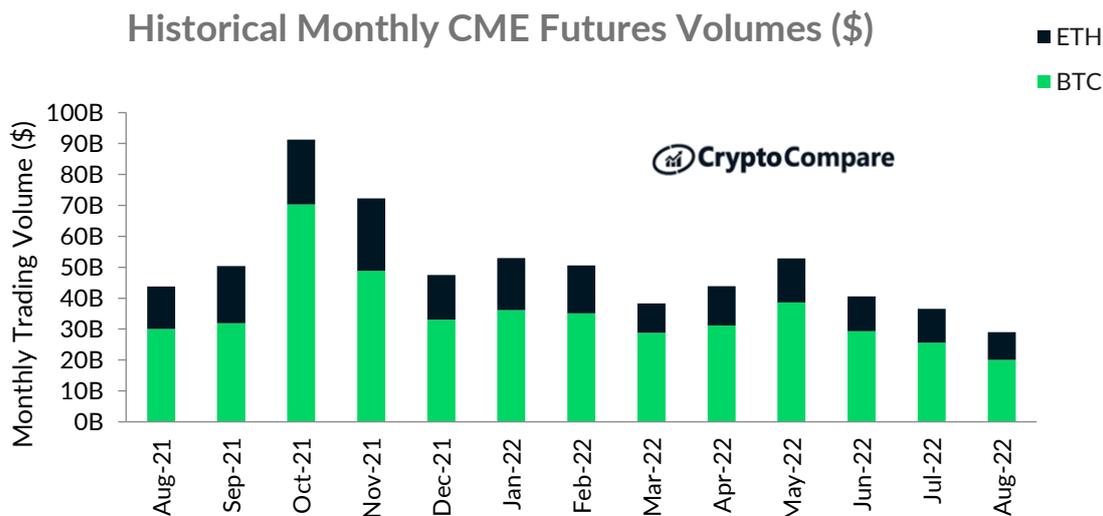


CME's BTC options contracts rose 1.61% in August to 2,452 contracts traded.

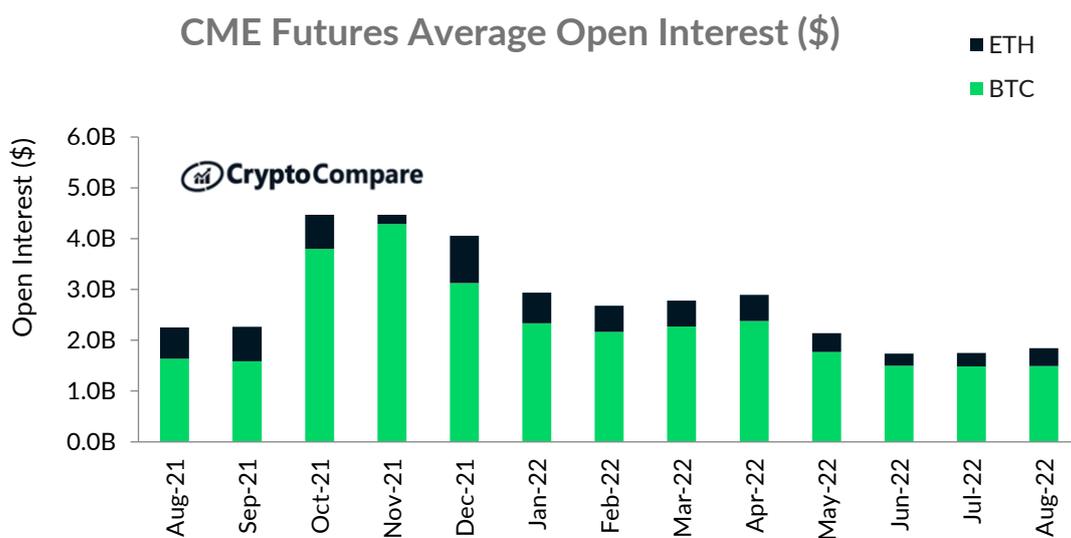


BTC Options contract volumes reached a daily maximum of 549 contracts traded on the 26th of August, up 58.2% from the intra-month high in July.

In terms of total USD trading volume, CME's ETH futures reached \$8.99bn in August (down 17.4% since July). Meanwhile, CME's BTC futures volumes decreased by 22.1% to \$19.9bn. On aggregate ETH + BTC futures volumes fell 20.9% to \$29.0bn.



CME’s average open interest figures for BTC futures fell 0.72% to \$1.49bn in July. On the other hand, ETH open interest averaged \$266mn, up 9.56% since June.



To conclude, in August, cryptocurrency exchanges saw an increase of 12.7% in volumes across both derivative and spot markets. This comes as trading volatility returned to the markets with Bitcoin and Ethereum failing to break key resistance levels and enduring a sell-off following Fed Chairman Jerome Powell’s speech at Jackson Hole. This was reflected in the prices of cryptoassets with BTC and ETH falling 14.0% and 7.47% respectively.

Access More Of Our Research and Insights

As the digital asset markets continue to grow, so does the need for high-quality research that brings greater clarity and transparency to this rapidly evolving industry. CryptoCompare’s suite of research reports provides market participants with trusted, high-quality data and analysis.

Recurring Reports:

Report	Description
Exchange Review	Captures key developments within the cryptocurrency exchange market – providing readers with an in-depth analysis of exchange volumes, trading activity, and derivatives open interest.
Digital Asset Management Review	Tracks and provides analysis of the most innovative institutional products in the industry, assessing volumes, assets under management (AUM), and product flow trends.
Exchange Benchmark	Brings clarity to the crypto asset exchange sector. Two years on, it has become the industry standard for assessing and evaluating cryptocurrency exchanges, with the methodology and rankings now being utilised to help create financial products and indices.
Asset Report	Provides professionals in the financial services space, particularly the investment management industry, with a summarised analysis of the latest movements in five of the largest cryptocurrencies.
Market Outlooks	A quarterly report that identifies the most important developments of the last quarter, which may thereafter set the tone for key trends to look out for in the following months. This includes references to the macroeconomic environment, DeFi, NFTs, stablecoins, and more.

Topic Deep Dives:

Report	Description
Liquidity Report	Created in collaboration with Bitstamp – a first of its kind report – it examines the intricacies of digital asset liquidity and compares it across top-tier exchanges to find the true liquidity of digital asset exchanges.
UST’s Fall From Grace	Summarises the depegging of UST and the subsequent debacle of LUNA and the Terra ecosystem, including analysis of the ripple effects of the event and where it situates the digital asset industry.