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Bringing crypto trading to the people

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Introduction

Since its inception in 2009, the cryptocurrency market has grown into a multi-billion dollar industry. With over 250 different Initial Coin Offerings having taken place since 2016 (and over $2 billion worth were estimated in 2017) the potential for crypto to disrupt and innovate on established industries cannot be ignored. Payment systems, app development, and digital marketing are only a few of the ecosystems that are already seeing massive change.

The underlying technology behind the blockchain is comparable to the invention of the internet in terms of revolutionizing the world in which we live. In 2017 alone, Bitcoin rose from $950 up to $20K, Ripple from $0.006 to $2.85, and Litecoin from
$4 to $385. While the first months of 2018 saw a big drop due to widespread fear, the interest in cryptocurrencies hasn't waned from it. In fact, it has only been heightened, with the entire world waiting to see what will happen next in digital assets.

The decentralization and unpredictability of the crypto market has prevented the general public from accepting digital currencies as an everyday tool. On the other hand, private equity firms have been quietly turning to blockchain tech as one of their major investments, keeping things going while the rest of the world has turned its back. It is the world quickest growing asset, sitting behind companies like Amazon and Apple. That said, less than 1% of the wealth of the populous has even been invested, with Bitcoin's market cap sitting around $0.145 trillion dollars alone. That cap is expected to rise to $2 Trillion at some point this year.

Though there was the recent crash, this is to be expected in a market as volatile as decentralized digital assets. Thinking long-term, the cryptocurrency market has nowhere to go but up. The crypto market is still incredibly young – anyone predicting it will be similar to the dotcom bubble back in the early 2000's is doing so prematurely.

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Crypto Exchanges

A majority of cryptocurrency trading happens through an exchange, essentially an online marketplace for buying and selling different forms of the digital assets. Some exchanges are specific with who they carry, like Coinbase, while others carry a wide variety of types, Kraken being one of them. Below we list the parameters, according to which the exchanges can be compared or evaluated.

Transaction Fees

Most of these currencies require users to buy in with more traditional crypto forms like Bitcoin or Ethereum, rather than fiat currency. For example, purchasing NEM or IOTA is not possible with standard cash. Those exchanges that do offer credit or debit purchases feature higher transaction rates for these specific conversions depending on the user's residency and amount to be purchased.

Verification process

Exchanges require users to verify themselves before participating in trades. The level of verification fluctuates from a simple email address and phone number to sending in government identification and proof of residency. Even higher levels are necessary if users desire to use fiat currencies or to trade extreme amounts of asset. Most customers are hesitant to give up their identity for trading and choose to utilize lesser known exchanges to keep anonymous.

Third-Party Reliance

In their current state, exchanges aren't entirely secure. It is recommended that users *never* keep their funds on an exchange, rather transfer them out to a wallet to keep them safe from hackers or website shutdown. Not all exchanges cover this sort of failure, and though it is rare, there are cases of newer exchanges shutting

down and running off with customers money. Transferring to a wallet eliminates the reliance on a third-party, though this unreliability prevents users from seeing exchanges as entirely safe to use.

However, due to the variety of cryptocurrencies available on an exchange, users are encouraged to diversify their portfolios and put more money into the world of crypto. In the past two years, over 18 currencies hit a market cap of over 10 million in daily trading volume. This is due to the increase in discoverability that exchanges provide newer coins upon registration.

Airdropping

Exchanges are home to a popular form of ICO promotion known as airdropping. Airdropping is when a new ICO looks at those who have a certain amount of an established cryptocurrency in their wallets, and match that amount with their own – essentially handing out free assets with the customer putting forth little to no effort.

Not only does this allow ICOs to avoid the expensive world of social media promotion, but helps establish themselves with a positive first impression in the eyes of the user. Users are prompted to delve into researching this newfound currency, increasing the chances of them investing even further.

13 exchanges float over $100 million worth of value in a 24 hour period, with two of these staying over $100 thousand BTC trade value in the same time frame. The money is there, but more is necessary for exchanges and cryptocurrencies in general to become standard fare.

As these alternative currencies grow, exchanges are incentivized to improve their support for these new forms, increasing the amount of trading on their platform. While Bitcoin is still top dog regarding popularity, other currencies are provided a chance to raise their market capitalization. This increase in support has seen even “joke” cryptocurrencies like Dogecoin rise to become a prominent force in

the world of trading, with a varying trade volume near $200 million as of 2018.

Trading Pairs

As previously mentioned, most alternative currencies are impossible to invest in with fiat currency. The answer to this is in "trading pairs," or trading one cryptocurrency for another. Owning some Bitcoin or Ethereum will grant users access to nearly any altcoin on the market, with a majority of coins supporting "ERC-20" or the Ethereum network. Trading between currencies requires in-depth research and proper timing. The value of currencies is continually fluctuating. Spending 10% of your Bitcoin portfolio on the same amount Dogecoin may be a smart move one day, but the next day that value can dip far below what it was beforehand.

The volatility of trading pairs means that riskier investors could see massive profit margins or end up losing their entire portfolio. Learning when to cash out and when to stay is a valuable skill for users looking to invest.

Also, trading between currencies means the user must pay taxes on the transaction. In the United States, cryptocurrency is seen as a property rather than a currency like the paper dollar. It is treated similarly to gold or real estate. Crypto is held under long-term and short-term capital gains tax laws if it is held for investment.

Taxes also apply to cashing out for a digital asset to fiat currency, as well as using cryptocurrencies to pay for goods and services. Passing off crypto as a gift, transferring it between wallets, and buying currencies with dollars are the only way to avoid initial taxing on the product.

Even casual traders have to keep in mind that taxing is a real thing. Unfortunately, if a cryptocurrency goes down in value before tax time, users will still owe taxes on that initial amount.

Major Market Players

Of all the exchanges on the market, there are six that stand ahead of the crowd by a large margin based on 24-hour trade volume. Those six are Bitfinex, Coinone, Kraken, Coinbase GDAX, and Bitstamp. According to cryptocoincharts.info, which tracks 130 exchanges, there is a total value of $5.62 billion in U.S dollars invested, with these exchanges supporting 2671 trading pairs. Bitcoin sees 653,161 worth of that total. Now to break down the top six major exchanges:

Bitfinex

Bitfinex is the number one listed exchange on cryptocoincharts.info, with a 24-hour volume of close to $1.3 billion on average. It allows for anonymous accounts, though a photo ID is required for fiat deposits. It supports over 30 altcoins alongside BTC and offers payment options of BTC, Ethereum (ETH), Ethercoin (ETC), Monero (XMR), Litecoin (LTC), Dash (DASH), and Cash (ZEC), among other smaller coins. Dollar amounts are normally tradable, though support for this has been down for some time.

Bitfinex requires a minimum deposit of $20, though it has reasonable transaction fees of 0 to 0.2%. However, in 2016 the exchange was hacked into, with the culprits stealing $72 million worth of BTC. The exchange also had some significant payment issues in early 2017. Bitfinex is the world's largest exchange, though it dropped support in the United States for a period last year due to US banks often declining any transactions related to Bitfinex.

Despite Bitfinex being the largest exchange in the world, the average daily trade volume is only $70 million. This exchange offers a total of 16 different trading pairs, with Ethereum/USD being the biggest by a large margin.

Coinone

Coinone is a major exchange in the Korean market. While it may seem

small, the Korean market sees incredibly high trade activity – going so far as to affect
short-term price variations. There has not been any negative coverage regarding this exchange, and the transaction fees hit a high of 0.10% – this fee gradually decreases as you increase the value of a transaction. coinone offers six total trading pairs on their website, with XRP/KRW being the most frequent trade. Coinone does not charge a fee when depositing into their system, while most other exchanges charge a 2-10% fee. This exchange supports the standard coins
– BTC, Bitcoin Cash (BCH), ETH, ETC, Ripple (XRP), LTC, and Qtum (QTUM). Though there are a lot of benefits to this exchange, especially in the Korean market, there are complaints about slow payment verification speeds. Despite coinone removing charges for deposits, they *do* charge a little for withdrawals. It is important to note that BTC trading has no regulation in Korea, so it isn't the safest way for Koreans to go about trading.

Kraken

Next is Kraken, a widely used exchange in the United States and one that is praised for its variety of offered currencies. Kraken provides a whopping 47 different trading pairs, with ETH/USD, XRP/USD, and BTC/EUR fluctuating between the top trades on any given day. While this exchange is widely used, users must give up their identity by using a photo ID for verification, among other information like name, date of birth, and phone number.

There are trade fees as well as potential deposit fees in USD, though EUR sees cheaper and sometimes even free deposits. In late 2017, Kraken was overwhelmed due to the explosive interest in cryptocurrencies, for which it is still recovering from. For months the verification system was backed up beyond proper usage.

Kraken currently sees overall liquidity near $223 million on a daily basis. Anyone who wishes to deposit fiat currencies must pass a tier 3 verification status which takes a couple of days to go through. Tier 3 verification requires a
government-issued ID, proof of residence, and a social security number for U.S. residents. Kraken only allows for $25,000 worth of deposits on a

daily basis with a $200,000 monthly cap, with the same amount for withdrawals.

Coinbase GDAX

Coinbase GDAX (also referred to as Coinbase) is one of the most interesting exchanges simply because of how high it stands in relation to the low variety of currencies it offers. Largely known as the "safest" exchange, Coinbase only offers trading for BTC, BCH, ETH, and LTC. It takes a long while for a new currency to get on the exchange, and it will only take the most successful and least risky coins on the market.

Coinbase is backed by some of the top crypto investors in the market, including the New York Stock Exchange and Union Square Ventures. All of their assets are fully insured up to $250,000 per customer, which is almost unheard of when it comes to online exchanges. Coinbase is famous for allowing simple debit and credit card use for investing in crypto.

ETH/USD, LTC/USD, and BTC/USD are the three largest trading pairs on any given day. When it comes to exchanges, Coinbase is the most well-known to the United States populous. Crypto enthusiasts tend to go to exchanges with more variance in their offerings.

Bitstamp

Bitstamp offers 11 trading pairs, with BTC/USD, XRP/USD, and ETH/USD among the most popular trades. It is arguably the easiest exchange to learn on this list, with a beginner-friendly user interface. Bitstamp offers incredibly high trading volumes and quickly filters through large purchases.

This exchange offers credit and debit card purchases and has some of the most detailed graphs and trading information of any online trading service. That said, there are some glaring issues with Bitstamp. First off, the exchange controls the private keys that users require when it comes to the network, and account verification takes longer than most

exchanges. When users reach a transaction exceeding $10,000, Bitstamp suddenly requires a lot more verification that users may not be comfortable providing. Also, it only supports BTC, XRP, LTC, and ETH a small amount for what the exchange asks of its users. Finally, Bitstamp charges a whopping 5% fee for any credit card purchase, which is unnecessarily high.

For beginners, Bitstamp is a great way to get into the cryptocurrency market. Seasoned traders, however, will likely head somewhere more friendly to frequent users.

HitBTC

HitBTC offers a massive amount of 272 trading pairs. The two largest ones are BTC/USD and BCH/BTC. The exchange maintains BTC, LTC, ETH, XMR, XRP, Dogecoin (DOGE), ETC, BCH, DASH, and over 50 other altcoins. It offers payment options ranging from most cryptocurrencies to USD, EUR, and wire transfer.
There is no minimum deposit nor a maximum withdrawal limit, and transaction fees are anywhere near 1% to 2% USD.

HitBTC offers worldwide service and a wide variety of security features including two-factor authentication, email notifications, and an activity log among other facets. That said, using fiat currency requires the user to verify themselves via identity, proof of residence, and proof of bank account ownership. Verifying is quick at three business days, though verified users have limited transfer rates at $2,000 a week and $10,000 a month. If a user wants to raise this amount, they can e-mail HitBTC and ask for a higher limit. Otherwise, if the user extends past the limits before being qualified, that currency will be released in parts.

Frequent Problems with Crypto Exchanges

Cryptocurrencies are a decentralized form of digital asset. In a way, exchanges sort of defeat the purpose of this by creating a centralized point for these assets to trade. They provide a place for

millions worth of value to be hacked into, alongside requiring users to rely on a third-party to make most of their transactions.

Prone to Hackers

These digital assets are immutable, meaning there is no way to change a transaction once made. This is both usually seen as a positive because no user can try to duplicate or fake a transaction to get more crypto than they should. That said, if someone hacks into an exchange and makes off with millions in coin, there is very little an exchange can do about that. Also, because crypto is so decentralized, government officials cannot do much to help out victims of theft.

Lack of Liquidity

Because the crypto industry is so new, it is not exactly rolling in liquidity. Cryptocurrencies are similar to the wild west regarding control – free reign for any who can handle it. This can make it hard for users to know when to sell or buy in because so many traders refuse to put their BTC back in the market due to the fluctuating value. These users will sit on their coins for months at a time waiting for a significant profit. Suddenly, when the market reaches a desirable place, all of these traders rush to sell causing massive market swings and drawing attention from the public eye, who in turn want to get in on the craze.

Fraud

Exchanges refuse to take responsibility for transactions. They only exist as an intermediary – meaning that any dirty business that happens during a transaction is really at the victim's loss. There is not much that can be done in these cases.

There are advanced technologies that exchanges would benefit from regarding detecting attempted fraud. However, these technologies are so expensive that exchanges have no way of getting access to them, meaning they are subject to nearly any hacker with enough

know-how to get around their security systems.

Flash Crashes

Flash crashes are random moments of volatility in the cryptocurrency market.
These happen when sudden multi-million dollar sells occur, either from pump-n-dumping or some other reasons. A pump-n-dump is when a group of
crypto enthusiasts gather together to purchase a large amount of a particular currency at once. Then, as the value of the currency goes up, they all plan to sell at the same time, causing a massive crash in the market. The quickest sellers come out rich, while the majority in these groups end up losing money if they are even seconds late on selling.

In June of 2017, Ethereum saw a massive flash crash. In seconds, ETH went from $317 all the way down to $0.10. Now, users who ignored this drop and held onto their investment were fine when the currency inevitably went back to normal, but there are sects of users who didn't mean to sell their currency that lost their funds because of this. An automatic stop loss is when a user sets up a price for which to automatically sell their investment. Say that a user purchased their ETH stock at $200. They would maybe set an automatic stop loss for $220, meaning that if the value of ETH ever went that low, the system would automatically sell it and the user would still be guaranteed their money back with some profit.
Because the drop from $317 to $0.10 was so sudden, the system automatically sold at $0.10, ruining the investment of users who take advantage of the stop loss system.

Outdated Tech and Bad Actors

This also comes down to outdated technology. Stock markets have an automated system that removes trading capabilities during insane price hikes or drops. That type of system simply doesn't exist in the world of exchanges.

Bad actors are investors with so much money placed into one cryptocurrency that they can alter the value of it as they wish. One such form of this is called “spoofing,” which is the act of placing buy or sell orders, either way, higher or way lower than the current value. While this is obviously illegal, there is almost no way to enforce this due to the unregulated nature of cryptocurrencies. Once other users see the price moving in, either way, they will react accordingly by selling or buying to get their fair share.

Since 2011, at least 980,000 Bitcoins have been stolen by hackers and bad actors, which by today’s standards is $4 billion worth. There have been over three dozen occurrences where exchanges were broken into with some that even shut down due to the bad publicity.

In fact, in July of 2017, the owner of a U.S. exchange by the name of Cryptsy was ordered by a judge to pay $8.2 million to his users. His name was Paul Vernon, and he was ordered this on account of failing to respond to a class-action lawsuit. Though 11,325 BTC was stolen from users of his exchange, Vernon had to take responsibility for the stolen investments. The outdated technology paired with lack of security make these situations much more common than they should be.

Bank Fears

Banks are also standing in the way of widespread exchange adoption. Due to the volatility of these digital assets, banks are refusing to associate with them in any way shape or form. In March of 2017, Wells Fargo refused to process wire transfers via Bitfinex. Wells Fargo customers had absolutely no way to cash out, and the company refused to state why they did so.

Reuters reported on this phenomenon, finding that banks want to stand against the lack of verification and user background checks that come with exchanges. While anonymity is usually seen as a positive on the investor's side of things, it can make situations much more difficult when it comes to attempting to identify bad actors or hackers.

It's important to note that cryptocurrencies are still a commodity. It is mostly appealing to users who take pride in anonymity. There aren't a ton of storefronts that accept Bitcoin let alone any altcoins. In 2014, Dell announced that it would be accepting Bitcoin as payment, though it recently stopped offering this due to low usage.

Application Process for New Currencies

The extreme amount of ICOs makes it much more difficult for new currencies to stand out, which, in turn, makes getting on an exchange even harder. On top of this, there aren't clear ways to get a currency listed on an exchange. Each one chooses what to list a little differently, and even then, that isn't always detailed.

While the process of getting a currency onto an exchange is quick and simple, doing so requires the website to notice the coin in question. Also, new exchanges are being established all the time, meaning that developers need to search out who is best for their specific coin.

The general specifications for listing seem to be as follows: launch an ICO, have a unique idea, gather a following, and have that following be vocal about your project. Once done, a currency *may* have captured the attention of an exchange, and then the specifics come in.

Bitfinex states vaguely that several factors go into the decision to add a token to their exchange. A combination of user requests, market cap, token design, and a deep look into the team and the vision behind the coin.

According to Coinbase GDAX, there are over 1,100 total digital assets listed on different exchanges, with venture capital taking up over $800 million of the initial investments. For deciding what to list on their exchange, GDAX has provided a Digital Asset Framework available to the public that details their decision-making process.

Coinbase is notably picky when it comes to their listings, with only four available on their website as of February 2018. They look at what sort of economic freedom and innovation the currency brings to the market. On a technological side, they consider the source code, level of security, scalability, real-world applications, and more. Of course, Coinbase takes into account if the currency would violate any rules the website abides by.

Then, they take a good look at liquidity, global market cap, circulation, the current number of exchanges the asset is already a part of. Is there a demand for this token? What sort of reward mechanisms are in place? Does the network need miners or does it work separately from standard blockchain technology?

Now, Coinbase is very strict about these specifications because it wants to keep a limited number of currencies available on the platform. Ideally, all exchanges would look at these criteria for any currency before taking it on. However, due to the sheer amount of currencies on the market, this just is not possible.

Even with all the work put in, there is no guarantee that an ICO will be listed on an exchange. The complete absence of any application system means the idea behind the coin must be extremely innovative. Otherwise, it will fall into the space of other failed cryptocurrencies.

By searching out currencies instead of having them apply to be listed, exchanges are forming a sort of elitist group of listed currencies. Only those with enough backing to become public knowledge are even considered, and they are saving themselves a ton of work in the process.

That said, this could serve to be a problem. Just because an ICO isn't famous, that doesn't mean it isn't innovative or worth bringing on. Exchanges provide a space for currencies to become known and possibly even take off. If they only choose to bring on the currencies that are widely known, these exchanges may

be missing out on hundreds of potentially brilliant takes on blockchain technology.

It is a tough battle to fight. On one side, an exchange is smart for leaving less work for themselves and only taking on credible currencies. On the other hand, because they are likely only to seek out popular and unique coins, there are still those who cannot market correctly that may be shunned in the process.

There is room here for some compromise. Because most exchanges tend to be vague about what criteria they are looking for, they can set-up a limited application process for developers to submit to. This process could feature specific requirements, like a certain follower threshold, scalability, quality of white paper, and so on. Not only would this provide developers the opportunity to get their name out there, but exchanges would also still be looking at potentially quality currencies. A proper application process would snuff out any worthless currencies and still leave room for the ones with a strong foundation beneath them.

What Can Be Done for The Future of Cryptocurrency?

The transition from 2017 to 2018 has been a bit drastic for the cryptocurrency market. In the last few months of 2017, Bitcoin tripled in value and hit an all-time high of $20,000, and the idea of cryptocurrency blew up into the mainstream market. There are now nearly 1,400 cryptocurrencies in existence, with a total worth of near USD 300 billion.

But, we also saw first-hand how volatile the market could truly be. In early 2018, uncertainty saw countries like China and Russia speaking out or outright banning ICOs, stating that cryptocurrencies are incredibly risky. CEO of JPMorgan Jamie Dimon came out and accused Bitcoin of being a fraud. This combination of negative press caused the cryptocurrencies as a whole to crash to have its first significant crash since the blowup.

Interestingly enough, Bitcoin has a market cap of 21 million coins. 16,863,337 of those coins are already in circulation, with an average of 12.5 coins being added every ten minutes or so. Despite its volatility, BTC is already incredibly close to hitting that cap. By then, there will be no more created Bitcoins.

This crash caused both the skeptics and the enthusiasts to come out and make their claims. The believers still have all faith that cryptocurrencies will come and change the world as we know it. Skeptics say that crypto is nothing but a scam and will continuously fluctuate and be unreliable. Neither will be able to do much to change the others mind, but no one can argue that there is some room to improve on the current crypto market.

Cryptocurrencies and blockchain technology as a whole have vast potential. The crypto market prides itself on innovation and making a change. There is still so much bad to associate with the good. As much as some may want currencies to become entirely digital and decentralized, that invites scammers,
pump-n-dumpers, and hackers to come and try their best to take advantage of the market.

When coindesk.com made a post recommending ZenCash, its price went from $10 to nearly $25 almost instantly. It may seem like the public simply jumped on due to the praise - and they very well might have - but the point stands that we cannot know for sure. The staff of coin desk or any crypto publication could have bought in on a coin right before posting on it, allowing them to cash in on the profits once the post went live.

They are in every right to do this too, but the point here is the fact that these behind the scenes antics are possible. Crypto journalists want to be rich just like everyone else. All they are doing is taking advantage of their inside knowledge to make investment decisions. Others may take advantage of that to mess with the market, which is part of what scares people.

It's comparable to financial advisors buying into stock before telling clients to buy it. However, there are laws and regulations against that happening which do not exist in the crypto market. That wild west landscape that enthusiasts crave is the same thing that scares the public and prevents them from buying in. The crypto market currently involves way too many variables, and the chance of those variables being bad is higher than it should be.

A solution to this is simple on paper – having an unbiased place for purely analytical and financial research to be published. In reality, that isn't as easy. It's near impossible to find someone who would write all about the cryptocurrency market without using that knowledge to make themselves wealthier.

Finding a way to somewhat regulate exchanges and the trading that goes on in cryptocurrency would be the best–case scenario. Some middle ground between an entirely regulated environment and the wild west scenario we have now.
Keeping exchanges honest and ensuring they have the tools capable of preventing bad actors is the most important first step in encouraging mass adoption of cryptocurrency.

Despite the publics waning positivity regarding cryptocurrency, there are still massive corporations who are behind it. Subway, Microsoft, and Expedia are among them. Even if Bitcoin is not the crypto to do it, the underlying technology, the blockchain, has the potential to save the market and encourage the world to engage.

The blockchain – the decentralized ledger that tracks cryptocurrency transactions – is being used to revolutionize everything from digital marketing to cross–border exchanges rates. The potential behind it is seemingly endless, with new ideas coming out almost every day. In fact, some current projects are already working toward solving crypto's biggest hindrances.

Spending crypto is not easy. It isn't currently something one can just go and spend at the store. Companies have to agree to allow it to be used, and that

means coming to terms with the volatility of it. Valve, creators of the massive digital distribution platform, Steam, have recently removed the ability to buy video games and other content with Bitcoin. Valve didn't want to be associated with such an unpredictable form of payment.

This can soon change. Currently, wallets are becoming more flexible and allowing for users to have a connected debit card to spend their cryptocurrencies out in the real world. Apps similar to Apple or AndroidPay are also making their way to market, all with the intention of streamlining the spending process.

An issue specific to Bitcoin and other older blockchain technologies is scalability. When a purchase is made on the blockchain, that transaction is then placed in a block, which a miner must then verify before it can go through. As more transactions go through at once, more blocks come in, but the speed in which they are mined stays the same. The network begins to slow down and become overloaded. Transaction fees run rampant and the time between transactions increases exponentially.

Newer currencies are incorporating a technology known as SegWit, which was launched in August of 2017. SegWit changes the dynamic of blocks so more transactions can fit in one, alongside speeding up the actual verification process. If and when this becomes an adopted technology, networks have much less risk of dealing with too many transactions at once, resulting in a currency that can be used worldwide on a regular basis.

The Lightning Network is another promising piece of tech. In practice, the Lightning Network will overlay the blockchain it runs on, and will aid in enabling near-instant transactions with fees of next to nothing. For it to work, however, the Lighting Network needs both wallets and exchanges to incorporate it.

While the general public doesn't inherently realize this, Bitcoin transactions are traceable. Yes, the information is inherently private, but with enough computer science know-how, a smart user can trace the public transactions to their source

– finding out information the victim would otherwise keep private. There isn't a whole lot being done about this just yet, as this is due to the way the blockchain works rather than the fault of a currency.

Some altcoins have incorporated privacy coins to prevent tracing. Monero (XMR), for instance, has a system called CryptoNote. Crypto Note uses something called a ring signature to keep anonymity. When a transaction is made, a one-use key (called the stealth address) is generated and sent to the recipient. This user is then the only one who can detect or use the transferred currency. The sender cannot be tracked by a third party, but the blockchain ledger still records it.

Another currency, Verge (XVG), takes advantage of the anonymity network TOR to make a user's IP address untraceable. On top of this, it features a Simple Payment Verification technology that ensures transactions are made in less than five seconds. That speed is already way higher than most networks. This tech is already being translated into applications for mobile phones for daily usage.

While ICO's are the current trend for announcing and funding a new cryptocurrency, 2018 may soon see a different acronym. Not only is this to be rid of the oversaturated ICO moniker, but also to introduce a new set of guidelines when it comes to launching one.

Essentially, the Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), and the Financial Industry Regulatory Authority (FINRA) will introduce a new set of guidelines to regulate ICO practice. There would be multi-purpose rulesets introduced, used to monitor both the capital investment and the transactions that come upon completion of an ICO. This could even lead to a new form of token down the line.

To match this, the crypto market will have to build a new framework. That framework would introduce all of the standard features we've come to expect from exchanges, but with advanced security and transfer policies, and more transparency between users of the exchange and the team behind it.

Conclusion

Exchanges have the responsibility to introduce cryptocurrencies to groups of people, alongside making themselves a safe space to engage with the tokens. Decentralized exchanges would go a long way in making exchanges a safer place to trade and even store currencies. Some, like Openledger and Etherdelta, already exist though they have yet to gain mainstream exposure.

Transparency on ICO acceptance policies would go a long way in helping this as well. With this, a team can tailor their development plan to cater to exchanges, further ensuring their success and assisting in getting more money into the crypto ecosystem. There is a reason Coinbase only handles four massive currencies – because they are safe to hold. Encouraging developers to design well–meaning coins with a high chance to become listed will help be rid of scamming ICOs.

The cryptocurrency market is only in its infancy. While the general public struggles to adopt it due to fear of the unknown, technology is improving every day to address this.

As exchanges grow and incorporate these advancements, the problems holding back current blockchain technology will cease to exist, and mass adoption of the digital asset can begin.

Cointrade

Cointrade is a global cryptocurrency exchange, that will be centered around customer satisfaction, making all interactions safe, fast and easy.

Lots of crypto exchanges emerged over the past years. At Cointrade, we carefully analyzed and gathered all the flaws that currently are embedded into the architecture of the exchange platforms with the goal to bring improvement and disrupt the industry, by setting a new level of standards.

We realize that aside of technical knowledge that is required to enter the world of cryptocurrencies there is a lack of trust between customers and crypto institutions that are standing in way of unveiling the full potential of crypto trading thus it is our one number one priority to build the platform based on trust and user's confidence.

Cointrade Trading Pairs and Crypto Tokens

Cointrade's main competitive advantage is offering a wider variety and combinations of crypto currency pairs.
Cointrade will provide a tool set to be able to perform trades in various combinations of Crypto to Crypto, Fiat to Crypto, Crypto to Fiat. The lack of necessary trading pairs oftentimes results in a double charging, where an exchange user is forced to sell certain crypto asset to purchase the one he actually needs and pay a fee for every transaction.

The exchange will support fiat deposits and withdrawals, and on top of the most popular crypto pairs – will offer pairing with the following currencies: USD, EUR, GBP, CAD and JPY.
Based on demand analysis, flexibility with crypto pairing is one of the key parameters, when it comes to choosing an exchange for trading crypto assets.

Exclusive Features

Intuitive User Interface.

User experience is very important when it comes to ownership and acquisition of cryptocurrency. Currently most of the crypto owner, are the ones who are or were exposed to web businesses in the past. This translates into inability of the average smartphone user to become a crypto token holder.

There are currently no adequate resources, explanation materials or tutorials, except for amateurish YouTube videos, designed to educate a potential token holder on how to set up a wallet, initiate a transaction or protect the account. We want to increase cryptocurrency exposure for it to become transparent and clear to everyone and not just the enthusiasts, hackers and IT professionals.

According to statistics, 25% of the current crypto exchanges account holders, have lost money due to learning curve it takes in order to figure out how token acquisition works.

We will simplify the very complex signup and verification procedures, and provide the necessary materials to educate and explain the process again, highlight the security, regulatory and price volatility risks involved and spell out every step necessary to guarantee a seamless experience.

Our target is to not only create a platform, but involve more users into crypto world, create a pleasant onboarding process for crypto sceptics, unite and strengthen the community for wider crypto adoption and circulation.

Flawless operation

One of the biggest problems with existing crypto exchanges are operational glitches, system instabilities and error messages, that compromise security and kill the user experience flow.

As a result, users are oftentimes stuck, not being able to complete a transaction or withdraw funds for weeks.

Stable, working bulletproof architecture is our main priority for the new exchange, we will launch the operations only when we are 100% sure that technicalities will not stand in a way of the user's experience.

Decent proportion of funds gathered through the Initial Coin Offering will be allocated to architectural development and testing, our team of system developers and architects will be utilizing best industry practices and employ the most complex solutions to guarantee a top not level of operations.

Safe coin storage functionality

There is a general consensus that crypto assets cannot be stored on the Exchange long term for the sake of safety.
The main reasons behind this are:

- Public distrust. There have been multiple cases of exchanges shutting down unexpectedly or being hacked.
- Absence of legal infrastructure to protect users against Exchange's fraudulent manipulations.
- Weak technological foundation, unable to protect against common hack attacks.

We want to win user's trust back on behalf of the crypto exchanges. It is really inconvenient to create wallets for every kind of coin and from UX point of view it is hard to maintain a "portfolio" of wallets along with the security information that has to be uniquely designed and stored. Convenience and security should not be mutually exclusive.

From technical standpoint, we will employ the characteristics of cold wallets to exclude any possibility of funds hacking or stealing, but at the same make funds available at any time, making the set up suitable for day trading.

To maintain a superior level of public trust, we will build a reputable community, involve crypto leaders and public personas who will be acting as mediators, ensuring the transparency and high standards of Exchange functioning.

We will be the first crypto Exchange whose operations are backed by technological advancements and strong community's support.

24/7 Customer support.

Most of the Crypto Exchanges don't provide a real time support lines to resolve immediate issues. Customer satisfaction procedures are limited to standard Frequently Asked Questions (FAQ) web pages, covering the most common issues that oftentimes are of no use when real issues occur, or contact forms with 48 hours+ response time

This is irresponsible and unprofessional treatment of customers, who entrust platform with handling of their funds and pay high fees for the services.

Cointrade will provide a 24/7 customer support infrastructure – there cannot be any business hours or holidays breaks in crypto world, since crypto trading unlike trading on stock exchanges never stops, thus users may need guidance or troubleshooting at any time of the day or night. We will also provide a multi-language support that will correspond to the fiat currencies accepted throughout Cointrade ecosystem.

Lower Transactional Fees.

Most popular crypto exchanges and brokerage services force a convoluted and sophisticated fee structure upon users, most commonly involving multiple rates, deposit charges, spreads and hidden fees. This usually results in higher costs for the end consumers.

Cointrade is building a totally new fee structure that will end us costing 50% less that what is currently offered by our direct and indirect competitors. We guarantee no hidden fees – we will only apply a markup fee with no other charges during the exchange process or deposit/withdrawal transactions.

Advanced trading and reporting

To help crypto currency holders make informed decisions we will provide the necessary reporting tools. Specifically, users will be able to set and tune up alerts and notifications, receive predictions and information about the most credible crypto coins. An order book and market charts will also be visible to every user along with interpretation guidelines.

We will implement software algorithms to enable wider range of trading options. Aside from market orders users will be able to take a full advantage of limit orders, that can get executed without user's presence if the coins reach certain price points.

The main trading algorithm will be utilizing community effort in a form of open source, though we will work to improve it by adding extra layers of security and reliability.

Defined listing policy

Unlike current industry leaders, Cointrade will develop a comprehensive listing policy, to make onboarding of the new coins easy and transparent. We will be analyzing growth of community built around new tokens to define coin's potential and market demand.

Security of the Ecosystem

Cryptocurrencies are an ideal and sometimes as easy target for hackers and wrongdoers. The reason behind it is that tokens/coins are stored inside computers and internet connected devices. There have been multiple well-known events when crypto exchanges have suffered attacks by hackers stealing millions worth of cryptos from clients' wallets.

To make sure our future users are safe from attacks and our platform is free from vulnerabilities, we will implement security solutions on multiple levels against technological and human factor related failure events.

Component Isolation

The exchange can run on a single physical machine, but in order to implement scalability and guarantee continuous uninterrupted operations, platform will be designed to be separated into multiple components located on different machines:

- Frontend – customer interface element.
- Backend operations interface
- Order processing algorithm
- Cryptocoin client interface
- Market maker

Protection against DDoS attacks

Just like any high-traffic business, cryptocurrency exchanges are often targeted with DDoS attacks. According to statistic, popular coin exchange services are on average flagged for 30 application layer DDoS attacks over about a year.

Cointrade will choose a reliable content delivery networks to make sure the platform is kept online at all times. We will take the necessary steps to set up a properly load balanced network of servers, that will be handling the number of database requests during surge events.

Physical Security of Servers

Physical security consists of technical and administrative elements. Besides focusing on technology-oriented security countermeasures, we will make sure the strict procedures of access control, auditing, intrusion detection systems are implemented.

Data Backup and Encryption

Cointrade will be utilizing complex encryption procedures and perform daily data backups to make sure all the sensitive information is secure. This approach backed up by decentralized infrastructure will help us protect our customer's data even in the worst-case scenario of hypothetic hack attack.

24/7 auditing of the exchange

Our dedicated Vulnerability Research Team will be watching the platform's performance r 24/7 to prevent any possible vulnerability attacks and come up with extra security measures as the platform evolves, usage rates and market adoption grows.

Our proactive approach in researching and discovering unknown vulnerabilities will help us indicate problematic areas before they become a threat to the platform's stability, act quickly and bring timely solutions.
Platform administrators will be immediately notified if any suspicious activity is detected.

Client-side protection strategy

Customer protection and satisfaction is the number one priority, therefore we will be adding extra measures to make sure all the client's data is secured against data breaches and attacks.

Encryption of user's data

Encryption is the process of encoding a data message or information in such a way that only authorized parties can access it
We will implement a client–side encryption of all of the customers data before any of it arrives to our servers. This setup provides immunity against server side or malware attacks and also means that our company will not access to the client's data past the verification process.

Two-factor authentication

2FA is an extra layer of security used for gaining the access to the platform is known, that requires something that only the real user has on him, on top of a standard password and username requirement

Using a Two Factor Authentication process can help to lower the number of cases of identity theft on the Internet, as well as phishing via email, sms or other traditional media that is used for authentication.

Blockchain utilization

Cointrade ecosystem will fully rely on the decentralized environment to be secure, transparent and stable.

The blockchain infrastructure has enabled the existence of decentralized markets with automation of functions in the financial industry that are now more efficient.

With the help of smart contract and blockchain technology, trade execution will be entirely automated. Our proprietary algorithms will execute trading, by matching our member's orders and offload the unmatched liquidity onto public exchanges via a pre-programmed engine to settle directly onto multiple blockchains.

All the data will be shared among the users and will never be kept on a single central server. In this case decentralization guarantees uninterrupted presence that cannot be taken down by hackers or governments.

Token

Cointrade token (CCT) is an ERC20 compliant token that will be issued during the crowdsale event. We believe in the great potential of CTT and its stable price increase over time. Token's value will be in direct correlation with the platform demand and growth of user base.

Token supply will be limited and no additional tokens will be issued post the crowdsale event. This will contribute to token appreciation growth over time.

Token holder will be entitled to 80% discount applied towards the fees paid for the Cointrade platform usage. On top of discounts, holders of 500 CTT or more (this number will change according to their market value) will get premium accounts, which will have certain benefits such as:

- Higher daily and monthly deposit and withdrawal limits.
- Preferential access to the beta and certain services.
- 10% on all commissions (on top of the 80% if CTT is used as a payment method).
- Preferential access to the service at times of high user traffic (unlikely to be used, as the platform is prepared to support very high volumes)

The tokens won't be spent in order to get a premium account, meaning that the only thing you have to do in order to get access to these benefits is to hold the required number of tokens in your wallet. The number of tokens required to get a premium account will change according to their market value. This is to ensure new users don't have to pay crazy amounts of money in order to get a premium account as the price of the token rises on exchanges.

Initial Coin Offering

CTT is an ERC20 standard compliant token that will initially be distributed during pre-ICO and main round of the crowdsale.
Contributors will be able to acquire tokens at reduced prices by sending a defined amount of Ethers to ICO smart contract address.

The crowdsale smart contract parameters will define terms and conditions for the duration of the crowdsale, as well as budget allocation, funding caps, power hour terms and discounts.

Users holding currencies, other than ETH will be able to use third party crypto exchange services to receive Ether in order to participate in the crowdsale. CTT tokens will be available for sale on our official portal at https://cointrade.es

A total of amount 236.110.000 CTT will be issued, of which:

- 23.610.000 CTT will be reserved for team members and founders
- 25.000.000 CTT will be available for sale during pre-ICO
- 187.500.000 will be sold during main round of the ICO.

Pre-ICO will not have a soft cap since we only see it as an opportunity for early participants to get Cointrade Tokens at a lower price, hence we don't consider a soft cap is necessary at this stage.

Nevertheless, there will be a soft cap during the main ICO. The exact sum for the ICO soft cap will not be made public until pre-ICO phase is concluded. However, we can anticipate that this number will be close to 5 million USD. In case soft cap is not reached, ICO participants will get a full refund.

The price for each CTT will be 0.24$.
During the pre-ICO stage, users will be able to get them at only 0.20$ each. In the ICO phase, the price for each CTT will range between 0.22$ and 0.24$, depending on the stage the ICO is at the moment.

At Cointrade, we want that every person who wants to participate in the ICO is able to do so. That's why there will be no minimum ETH required in order to contribute.

For more information please contact us at info@cointrade.es

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