

SCOTIABANK DIGITAL BANKING LAB

Coinsquare

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Blockchain & Crypto | Toronto ON | Founded: 2014 | Employees: 138 | www.coinsquare.com

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Last updated November 12, 2018 | To download a PDF version, [click here](#).

Company Overview

Coinsquare.com is a digital trading platform that facilitates the trading of 7 cryptocurrencies. They pride themselves on proprietary technology that promises customer best in class security. With an extremely experienced leadership team, Coinsquare plans on growing rapidly. Within their digital trading platform, they aim to offer one new Cryptocurrency a month. Additionally, they have launched 3 other arms of business, all capitalizing on the growing interest in digital assets. Finally, through licensing agreements they plan on entering the Japanese and US markets. Flush with cash from CA\$53M already raised and plans on a CA\$150M IPO, Coinsquare continues to plan its global expansion.

Senior Management

Virgile Rostand: Founder, President and CTO (2014 – Present). Previously: Financial Engineer, GoNumerical Ltd (2010 - 2014); Consultant, Bank of Montreal (2011-2012); Financial Engineer, R2 Financial Technologies (2008-2010). Education: University of Laval; Ph.D. Applied Mathematics (2004 – 2007), MSc. Applied Math (2002 -2004), BSc. Mathematics (1999-2002). University of Toronto; Masters in Mathematical Finance (2007-2008).

Cole Diamond: CEO (Nov 2016 – Present). Previously: VP Sales, Jumbleberry (May 2015 – June 2016); President and Founder, The Gift Network (March 2011 – Dec 2014); VP Business Development, Y TZ Business Development (April 2009 – Dec 2010); Co-Founder & VP Business Development, TalentEgg.com (2009 – 2010). Education: University of King's College, Philosophy & Management (2002 – 2004).

Robert Mueller: COO (Jan 2018 – Present), Previously: Co-Founder and CFO, Tulip Retail (April 2013 – April 2013); Co-Founder, SRS Solutions (Feb 2012 – Dec 2017); Director of Finance, Well.ca (April 2012 – April 2013). Education: University of Waterloo, BAsC Computer Engineering. Wilfred Laurier University; MBA Accounting and Finance.

Thomas Jankowski: CDO (Jan 2018 – Present). Mentor/Advisor, Startup Here Toronto (2018 – Present); CMO Council Member (Dec 2017 – Present). Previously: EVP & Chief Digital Officer, Postmedia Network Inc. (2016 – 2018); Chief Digital Officer, Flight Network (2014 – 2016); VP Digital, Flight Network (2013 – 2014); Director of Web & Sales Analytics, Flight Network (2011 – 2013). Education: University of Toronto, B.A., Honours Specialization in Computer Science, Literary studies, linguistics & World Literature; University of Sunderland, M.A. Communication, Media and Cultural Studies; The Wharton School, Specialization Entrepreneurial studies.

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The stars aligned for Virgile Rostand. Inspired by the sporadic rise of Bitcoin, equipped with an affinity for numbers and with experience as a quantitative financial engineer; Rostand saw a distinct opportunity to share his enthusiasm for digital assets with others. After single handily developing a trading platform, Rostand brought on serial entrepreneur Cole Diamond as CEO to partner with in carrying his vision forward. In 2017, Coinsquare raised CA\$30M, hired integral staff, and brought the platform to the Canadian market. Coinsquare continues to grow by offering new products monthly and using licencing agreements to expand globally.[1]

[1] <https://news.coinsquare.com/digital-currency/coinsquare-founder-virgile-rostand-cryptocurrency>

Funding

Coinsquare has raised CA\$53M in funding over 4 rounds. The latest funding came from a Series B round on the 8th of February 2018 raising CA\$36M. Currently, Coinsquare's lead investors are Riot Blockchain and Canaccord Genuity Group.[2]

Coinsquare is also eyeing a CA\$150M (US\$120) IPO on the Toronto Stock exchange to finance an overseas expansion.[3]

[2] <https://www.crunchbase.com/organization/coinsquare#section-funding-rounds>

[3] <https://www.bloomberg.com/news/articles/2018-01-24/coinsquare-crypto-exchange-eyes-120-million-ipo-in-canada>

Key Corporate Developments

Press Releases: <https://blog.coinsquare.com/category/press>

February 8, 2018: <https://blog.coinsquare.com/canadian-digital-currency-exchange-coinsquare-closes-record-30-million-investment>

July 10, 2018: <https://blog.coinsquare.com/coinsquare-licensing-power-digital-currency-platforms-globally>

July 30, 2018: <https://blog.coinsquare.com/coinsquare-launches-coin-capital-investment-management-inc-to-help-canadians-invest-in-emerging-technology>

Business Highlights

Strategy

Coinsquare is capitalizing on the growing popularity of digital assets. Its vision is to become the one-stop shop for digital asset trading and any other services that relate to digital assets. It's value proposition to the broadest customer base is simplifying the trading of digital assets for many who do not understand or lack the knowledge required to access such markets.

Coinsquare offers four services:

- **Capital Markets** – As Coinsquare's core business, this service facilitates digital currency trading. Coinsquare currently supports seven cryptocurrencies.[4] Coinsquare's value proposition to customers is ease of trading, accessibility and security.
- **Mining** – Coinsquare mining, a subsidiary of Coinsquare.com offers digital currency mining services. By leveraging economies of scale (in terms of hash power)[5], they create a suite of products offered to corporations, institutions and individual miners.[6]
- **Coincapital** – Through this service, Coinsquare offers investment products to its users. Products focus on emerging technologies, like blockchain and artificial intelligence. This is targeted at customers enticed by the high returns gained on digital assets but not educated enough to engage in self-monitored trading.[7]
- **Licensing** – Through licensing, Coinsquare can capitalize on cryptocurrency trading outside of Canada. New or existing platforms around the world can license Coinsquare technology, and Coinsquare benefits from licensing fees. This is how Coinsquare has entered the American and Japanese markets, and will be how it continues its global expansion.[8]

[4] <https://www.bloomberg.com/news/articles/2018-01-24/coinsquare-crypto-exchange-eyes-120-million-ipo-in-canada>

[5] <https://www.buybitcoinworldwide.com/mining/hash-rate>

[6] <https://coinsquare.com/mining>

[7] <https://coinsquare.com/coincapital>

[8] <https://coinsquare.com/licensing>

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1. **Trading Platform:** Currently Coinsquare offers trading of seven cryptocurrencies and plans on launching one new product per month.
 - **BitMarkets Fees:** Trading occurs between users. A ‘maker’ lists a trade and pays a 0.1% fee. A ‘taker’ agrees to the trade, purchasing the asset and pays a 0.2% fee. The ‘maker’ fee is lower because ‘makers’ add liquidity to the market, whereas ‘takers’ reduce liquidity.^[9]
 - **Quicktrade Fees:** Coinsquare allows users to trade cryptocurrencies without placing orders in the market; instead, users may trade with Coinsquare directly. To swap Bitcoin, users are charged a 0.2% fee, whereas for other cryptocurrencies, users are charged 0.4%.
2. **Subsidiary product lines:** As outline above, through subsidiaries, Coinsquare offers a suite of products to a wide array of clients in its efforts to become a global digital bank.

[9] <https://www.coinbureau.com/review/coinsquare>

Technology

Coinsquare is an investment platform. Customers are primarily concerned against scams and malfunctions in the system which can cause catastrophic financial losses. Proprietary technology prioritizes security and ease of access for trading. All trading undergoes, SSL encryption, two factor authentication and Coinsquare has a cold-storage policy. This combined with their proprietary system results in not a single coin lost in 3 years of trading. The platform is also highly customizable and accessible, ensuring a good user experience.

Distribution/Logistics

Coinsquare serves its customers through an online platform accessible through smartphones, computers and other electronic devices that facilitate the applications use. To facilitate the security features that Coinsquare.com boasts, it hosts offline storage devices that keep client’s digital asset wallets immune to hacking and theft.

Marketing

Coinsquare, has a very clear value proposition. It calls itself the safest and most user-friendly trading platform within Canada. With proprietary technology it markets itself using its own safety record of never losing a coin.

Competitors

1. **Coinbase:** Coinbase is an international market trading eight cryptocurrencies, meaning it is capable of competing directly with Coinsquare for users in Canada. Coinbase is Coinsquare’s most direct competitor and has an advantage being the first mover in a much larger American market with a suite of products catered towards business and a host of partners that facilitate its growth in the US.
2. **BitBuy:** BitBuy is a cryptocurrency market exclusive to Canada that facilitates four cryptocurrencies. The platform allows users to buy and sell directly on the market, however, it does not offer digital financial products, licensing or tiered accounts like Coinsquare.
3. **QuadrigaCX:** QuadrigaCX is a Bitcoin specific market operating in Canada, with some growth in the US. While Coinsquare expands through licensing, QuadrigaCX aims to acquire international users by accepting international currency (i.e. to increase US users, they now accept USD in addition to CAD).

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