**Questions Assignment 4 - Blockchain Exchanges**

*\*Adjust the response space according to your needs.*

*\* For answers that include data, please include a screenshot with the appropriate size for proper viewing.*

1. When Coinbase was created?

2012

1. What is the total Trading Volume per Day (in $) of Coinbase Exchange? In addition to providing your answer, please include full screen shot

**$1,018,485,244.31**

Graphical user interface, application

Description automatically generated

1. How many markets are in the Coinbase Exchange? In addition to providing your answer, please include full screen shot

There are 3 markets

Spot, Perpetual and futures

Graphical user interface, application, Teams

Description automatically generated

1. Exchanges include two currencies (a pair) in each transaction. The currency on sale and the one being bought. Each one is referred by its identifier using format ABC/XYZ. ABC is the ID for currency #1, the one on sale, and XYZ is the one for currency #2. Both together define the Exchange transaction. Which is the pair with the most trades on Coinbase Exchange? BTC/USD

Which is symbol for currency #1 \_\_\_\_BTC\_\_ Is it FIAT o CRIPTO? \_\_\_CRYPTO\_\_\_\_\_

Which is symbol for currency #2 \_\_\_USD\_\_\_ Is it FIAT o CRIPTO? \_\_\_FIAT\_\_\_\_\_

In addition to providing your answer, please include full screen shot

Table

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1. In what country was Coinbase founded?

USA. June 2012; 9 years ago in [San Francisco, California](https://en.wikipedia.org/wiki/San_Francisco,_California), U.S.[[1]](https://en.wikipedia.org/wiki/Coinbase#cite_note-jtimes-1)

1. Where is the Coinbase headquarters today?

It has no headquarters

1. Which is the pair with the most trades on Binance? (You should notice that one of the symbols is slightly different than what you have seen before…)

Which is symbol for currency #1 \_\_BTC\_\_\_\_ Is it FIAT o CRIPTO? \_\_\_\_CRYPTO\_\_\_\_

Which is symbol for currency #2 \_\_BUSD\_\_\_\_ Is it FIAT o CRIPTO? \_\_\_FIAT\_\_\_\_\_

In addition to providing your answer, please include full screen shot

Table

Description automatically generated

1. Briefly describe the new currency you have encountered.

Binance USD (BUSD) is a 1:1 USD-backed stable coin issued by Binance (in partnership with Paxos), approved and regulated by the New York State Department of Financial Services (NYDFS), The BUSD Monthly Audit Report can be viewed from the official website. Launched on 5 Sep 2019, BUSD aims to meld the stability of the dollar with blockchain technology. It is a digital fiat currency, issued as ERC-20 and supports BEP-2.

1. In what country was Binance founded?

China in Sept 2017

1. Where is the Binance headquarters today?

Cayman Islands

1. Has Binance held its headquarters in any other countries?

Japan

1. Who uses the exchange? Include links and/or references and graphics copies to show evidence supporting your point of view. Avoid copying text from external sources

Any user who wants to buy or sell or swap crypto currencies needs to use the exchange to trade them. Please refer to <https://time.com/nextadvisor/investing/cryptocurrency/what-are-cryptocurrency-exchanges/>

1. What sorts of regulations are the exchanges required to meet? Include links and/or references and graphics copies to show evidence supporting your point of view. Avoid copying text from external sources

Crypto exchanges are legal in US and fall under the regulatory scope of the Bank Secrecy Act (BSA). In June 2019, The Financial Crimes Enforcement Network (FinCEN) made it clear that it expects CryptoXchanges to comply with “Travel Rule” and gather and share information about the originators and beneficiaries of crypto currency transaction. In October 2020, FinCEN released a Notice of Proposed Rulemaking (NPRM) on adjustments to the Travel Rule, signaling the introduction of new compliance responsibilities for cryptocurrency exchanges.

In March 2022, President Biden issued an executive order detailing plans to introduce a cryptocurrency regulatory framework. The order involved 6 digital asset priorities: consumer and investor protection, the promotion of financial stability, action against illicit finance, US global financial leadership, financial inclusion, and responsible innovation. The order also included a call for research into the US’ capability to issue a central bank digital currency (CBDC). By providing clarity on regulatory priorities, the executive order offers a glimpse into what future US cryptocurrency legislation might look like.

In summary, the government is tightening the regulations on crypto exchanges to avoid illegal activity on these exchanges. It remains to be seen how much widely it would be adopted but bottom line is the technology will only gain adoption if it makes it easier for most of the legal users to adopt but make it hard for illegal users to get by without getting caught.

1. Is the exchange growing, or at consistent trading volumes? Include links and/or references and graphics copies to show evidence supporting your point of view. Avoid copying text from external sources

Crypto exchanges saw record breaking trading volumes across board ijn 2021. CEXs recorded trading volume of $14 trillion jumping 6.8 times from 2020. DEXs saw a 8.5x increase to $1 trillion with peak volume in May 2021 . However, the market is very fragmented with 455 crypto exchanges with total cap of $2Trillion as of Jan 2022. Coinbase trading volumes jumped end of Dec 2021 but fell 40% in quarter ending March. In February Coinbase captured 11% of trading volume among all competitors but that fell to 10% in March and 8% in April. Overall drop in trading volume is due to recent crash on crypto markets but also that people want to look at other ways to trade with lower commissions and Binance for instance gives lower commission trade. Coinbase business model is also being questioned since they have very less number of currencies compared to other exchanges. Crypto.com which recently began operations in US has already volumes on par with Coinbase. See <https://www.barrons.com/articles/an-options-strategy-tailor-made-for-a-tough-market-51652940902>

Binance is the world’s largest crypto currency exchange by trading volume.

<https://www.statista.com/statistics/864738/leading-cryptocurrency-exchanges-traders/>

As you can see from the May 17 2022 results, binance is at 15.92 nillion vs coinbase at 1.92 billion.

Please refer to this link on trading volumes across various currency exchnages.

<https://www.theblockcrypto.com/data/crypto-markets/spot/crypto-only-exchange-market-share>

Here is the bar graph:

Graphical user interface

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From the fiat exchange perspective, Coinbase leads the pack but as seen below, they lost the market share to new players

Graphical user interface, chart

Description automatically generated with medium confidence

Graphical user interface

Description automatically generated with medium confidence