



# EXCHANGE REVIEW

FEBRUARY 2023

## 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 related to exchange volumes, including 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](mailto: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.

Note: We are constantly developing our products to ensure the most value to our readers. Recently we have applied more filters to ensure all volumes reported are as truly representative of the market ecosystem as possible, and have greatly increased the scope of this report, as such, this month's data will not be directly comparable to last. **All data included in this report is up to the 28<sup>th</sup> of February 2023, unless stated otherwise.**

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## Key Market Insights

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In February, the digital asset markets experienced significant volatility. Although BTC and ETH had marginal positive returns of 0.02% and 1.21% respectively, their volatility was higher than in previous months. Both cryptocurrencies saw a maximum drawdown of 25.1% and 29.9% respectively during the month. The increased volatility led to an increase in trading activity, albeit a smaller increase than in January.

As the macroeconomic environment improves relative to last year, market participants have begun to take on more risk. Recent data suggests that the economy might remain strong for longer than anticipated, resulting in sustained higher interest rates that could increase downward pressure on markets.

### **Binance Market Share Continues To Grow Despite BUSD Legal Issues**

Binance's spot market share across top-tier exchanges grew for a fourth consecutive month, increasing from 59.4% in January to 61.8% in February, after the exchange saw a 13.7% increase in its spot volumes to \$540bn. The increase was a surprising divergence from the performance of other exchanges, with Coinbase, Bitfinex, and Bitstamp all seeing a decline in volumes. Similarly, Binance's market share across derivative exchange also grew to 62.9%, its highest-ever recorded monthly market share.

### **CME BTC Micro Futures Gain Traction**

In February, BTC Micro Futures trading grew 59.4% to \$477mn from the month prior. This contrasts with a 20.0% increase in BTC Futures to \$25.0bn during the same time period. Interestingly, ETH Micro Futures trading only grew 7.33% to \$33.9mn, while ETH Futures saw an increase of 24.4% to \$10.0bn.

Options trading on BTC and ETH also saw a divergence – with BTC option volumes falling 26.6% to \$625mn, whereas ETH option volumes rose a significant 57.1% to \$103mn.

### **USDT Biggest Winner of BUSD Legal Issues**

Following the legal actions taken by the NYDFS and SEC against Paxos, the issuer of the BUSD stablecoin, USDT proved to be the largest winner as its BTC trading volumes in February rose 6.66% to 11.2mn BTC month-on-month. On the other hand, BUSD and USDC saw a decline in their BTC trading volumes of 16.4% and 14.3% to 3.90mn and 86.5k respectively.

## February Exchange News

COMPANY	STORY	DATE
Kraken	<a href="#">Announcing the 2022 Kraken Transparency Report</a>	February 1
Binance	<a href="#">Binance Signs MoU With The Georgian Agency for Innovation and Technology</a>	February 2
Kraken	<a href="#">Announcing Kraken OTC Portal v 2.0 featuring automated settlement</a>	February 2
Binance	<a href="#">Binance Invests in South Korean Cryptocurrency Exchange GOPAX Through Its Industry Recovery Initiative</a>	February 3
Binance	<a href="#">Introducing Binance Tax: Streamline Your Tax Season Experience</a>	February 6
Kraken	<a href="#">Kraken to end on-chain staking services for U.S. clients</a>	February 9
BitMEX	<a href="#">BitMEX Partners with Onramper to Enable Seamless and Reliable Fiat-to-Crypto Onramp Transactions</a>	February 17
Gemini	<a href="#">Exploring Gemini ActiveTrader: a High-Performance Crypto Trading Platform</a>	February 22
Uniswap	<a href="#">Buy NFTs with any ERC20 token</a>	February 22
Coinbase	<a href="#">Introducing Base</a>	February 23

## Definitions

Metric	Definition
<b>Top Tier Exchanges</b>	Exchanges that have scored Grade B and above in CryptoCompare's biannual Exchange Benchmark.
<b>Lower Tier Exchanges</b>	Exchanges that have scored Grade C and below in CryptoCompare's biannual Exchange Benchmark.
<b>Spot Volumes</b>	Trading volumes on crypto assets with immediate delivery.
<b>Derivatives Volumes</b>	Trading volumes on crypto assets via derivative contracts (futures and options).
<b>Futures Contracts</b>	Derivative contracts where two parties agree to exchange the underlying asset at a specified (Calendars) or unspecified (Perpetuals) date in the future.
<b>Options Contracts</b>	Derivative contracts that give the holder the right, but not the obligation, to buy or sell an asset by a certain date at a specified price.
<b>Open Interest</b>	US-dollar value of outstanding derivative contracts that have not been settled for an asset.

## Exchange Benchmark Analysis

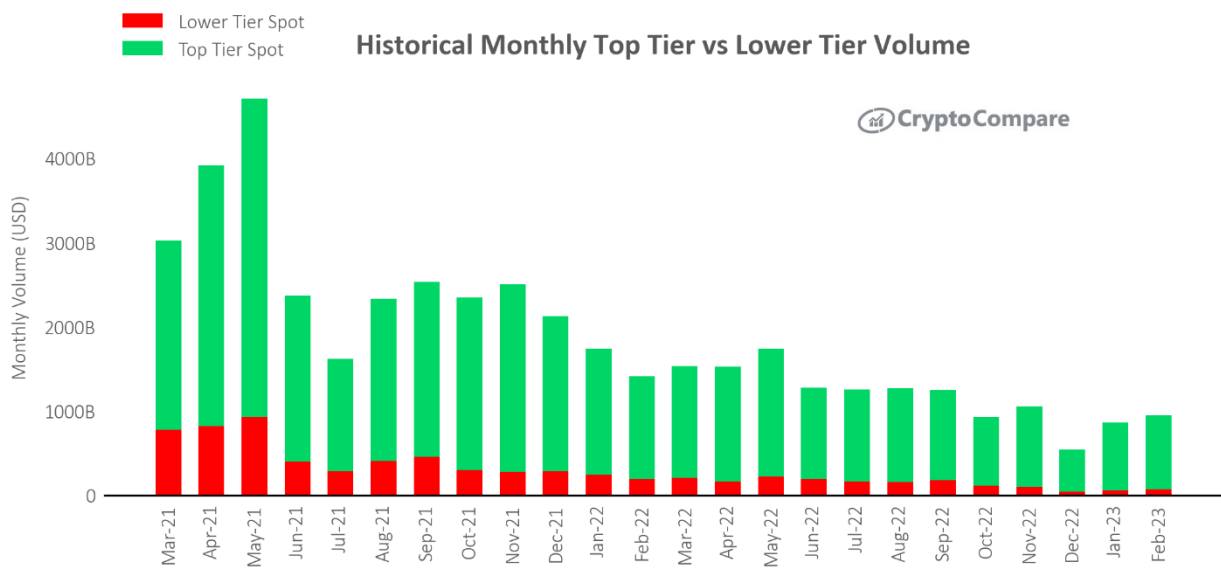
CryptoCompare’s biannual Exchange Benchmark aims to serve investors, regulators and industry participants by scoring and ranking exchanges based on their operational transparency, security, operational quality, regulatory standing, data provision, management team, and ability to monitor trades and illicit activity effectively.

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](#)

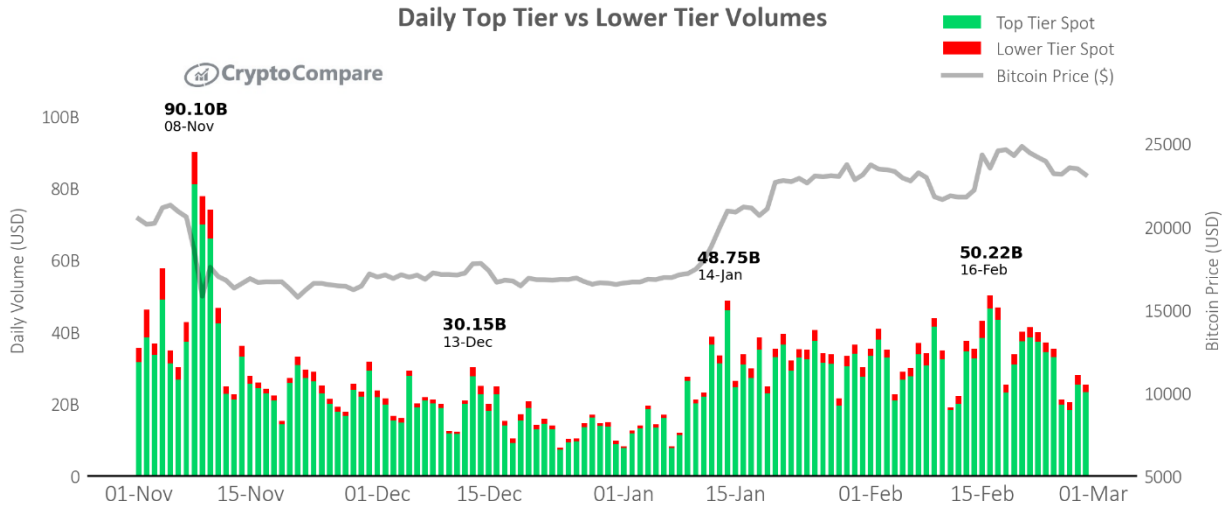
This report assesses exchange activity via the above segmentation, particularly for spot markets. Apart from this, we study the market segmentation between different exchanges and assets, derivatives, and dive deeper into CME data, one of the largest derivatives exchanges across multiple asset classes.

### Top Tier vs Lower Tier Exchange Volumes



In February, total spot trading volumes increased 10.0% to \$946bn, the second month of consecutive volume increases. Top-Tier spot volumes increased 9.23% to \$873bn, and Lower-Tier spot volumes increased 20.4% to \$72.1bn. Despite the increase, trading volumes remain at historically low levels.

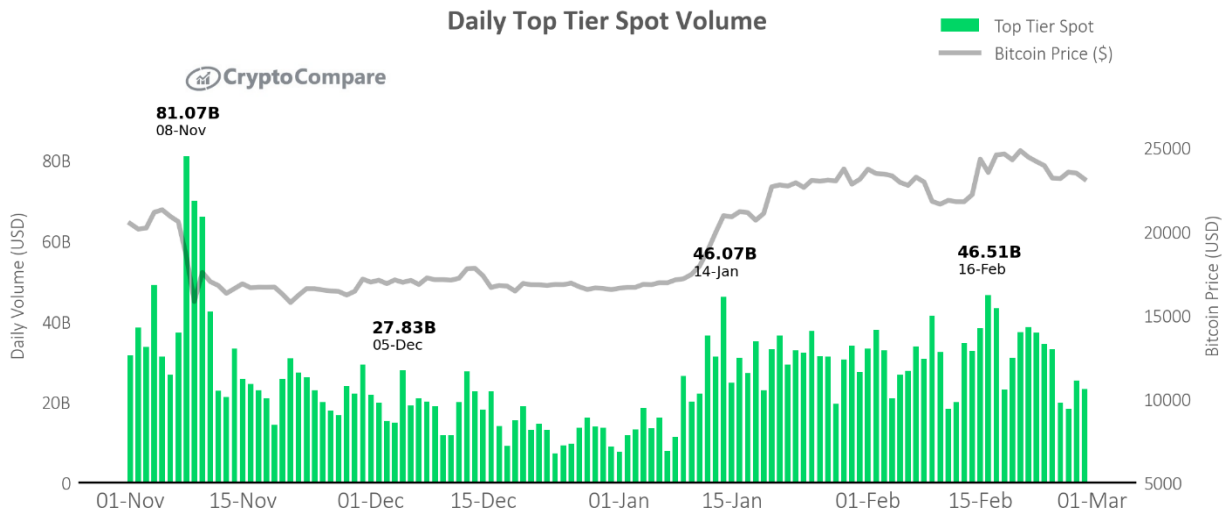
Top-Tier exchanges now represent 92.4% of total spot volume based on CryptoCompare’s October 2022 Exchange Benchmark Ranking, compared to 93% in January.



Trading activity across spot markets increased in February, reflecting a shift towards more risk taking as asset prices remain suppressed relative to all-time highs, and the macroeconomic environment appears to be improving compared to a year ago.

A daily volume maximum of \$50.2bn was traded on the 16<sup>th</sup> of February, up 3.01% from the intra-month high in January.

Top-Tier exchanges traded a daily volume maximum of \$46.5bn on the 16<sup>th</sup> of February, up 0.96% from January. Top-Tier exchanges are selected based on our rigorous [Exchange Benchmark Methodology](#).

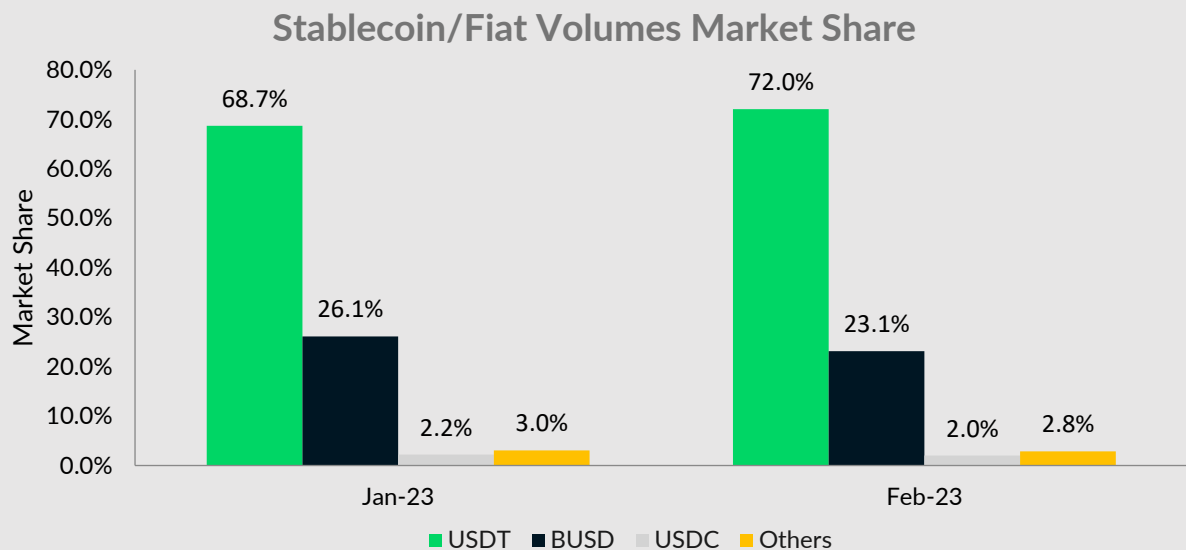




### BUSD Sees a Marginal Fall in Volumes in February

In February, total BUSD volumes fell 2.43% to \$176bn, a lower-than-expected fall given the regulatory pressures suffered by BUSD over the last month. This includes an investigation by the NYDFS, an instruction by the regulator to cease the minting of new BUSD tokens, and a Wells Notice from the SEC.

This has resulted in a collapse of BUSD’s market capitalisation, as BUSD holders redeem the token in exchange for USD, while no new tokens are able to be minted. As a result, BUSD’s market cap fell 32.6% in February from \$15.7bn to \$10.6bn. However, volumes have not reacted in a similar fashion, with BUSD remaining the second most used stablecoin/fiat option across all centralised crypto exchanges, outlined on the chart below:

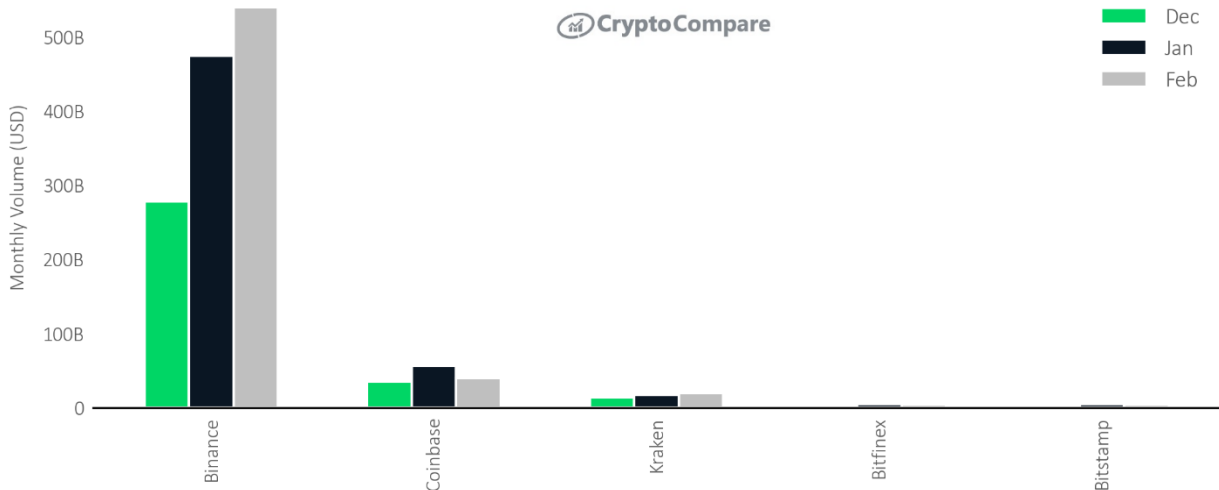


USDT appears to be the clear winner from BUSD’s debacle, with an increase in market share from 68.7% to 72.0% month on month. Surprisingly, USDC’s market share fell by 20 basis points. Of course, the outcome of the legal action towards BUSD and its issuer Paxos will take months to play out, and we believe USDC and other stablecoins will also gain from the news surrounding BUSD.

## Macro Analysis and Market Segmentation

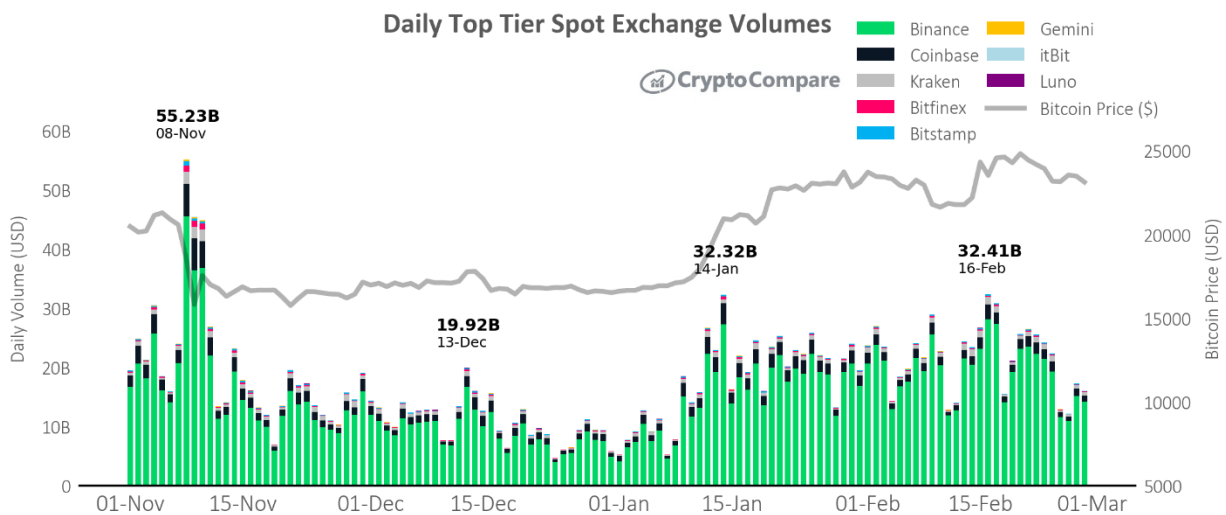
In February, spot volume from the 8 graded AA-A exchanges increased by 8.81% compared to January, with aggregated spot volumes totalling \$608bn.

Historical Monthly Top-Tier Spot Volume - 3 Months



Considering individual exchanges, Binance (Grade A) was the largest Top-Tier spot exchange by volume in February, trading \$540bn (up 13.7%). This was followed by Coinbase (Grade A) trading \$39.9bn (down 29.1%) and Kraken (Grade A) trading \$19.3bn (up 11.5%).

Bitfinex (Grade AA) and Bitstamp (Grade A) followed, trading \$4.09bn (down 14.9%) and \$3.90bn (down 16.7%) in monthly volumes, respectively.

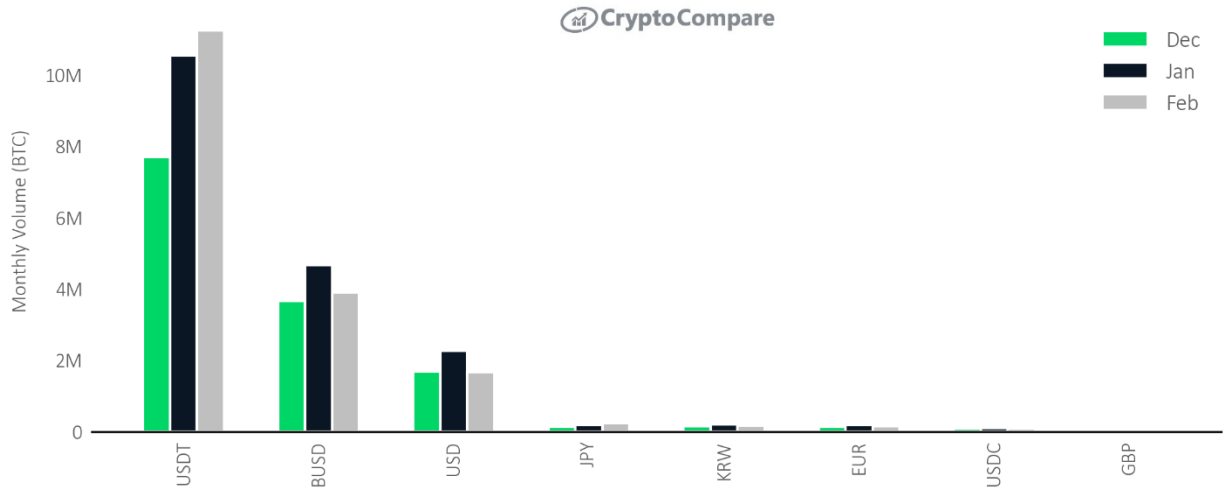


Binance, Coinbase, and Kraken were the top exchanges in terms of spot volume in February relative to other AA-A graded exchanges.

Among the Top-Tier exchanges, they represented approximately 68.6% of total volume (vs 69.9% in January). Binance remains the market leader, with 61.8% of Top-Tier market share.

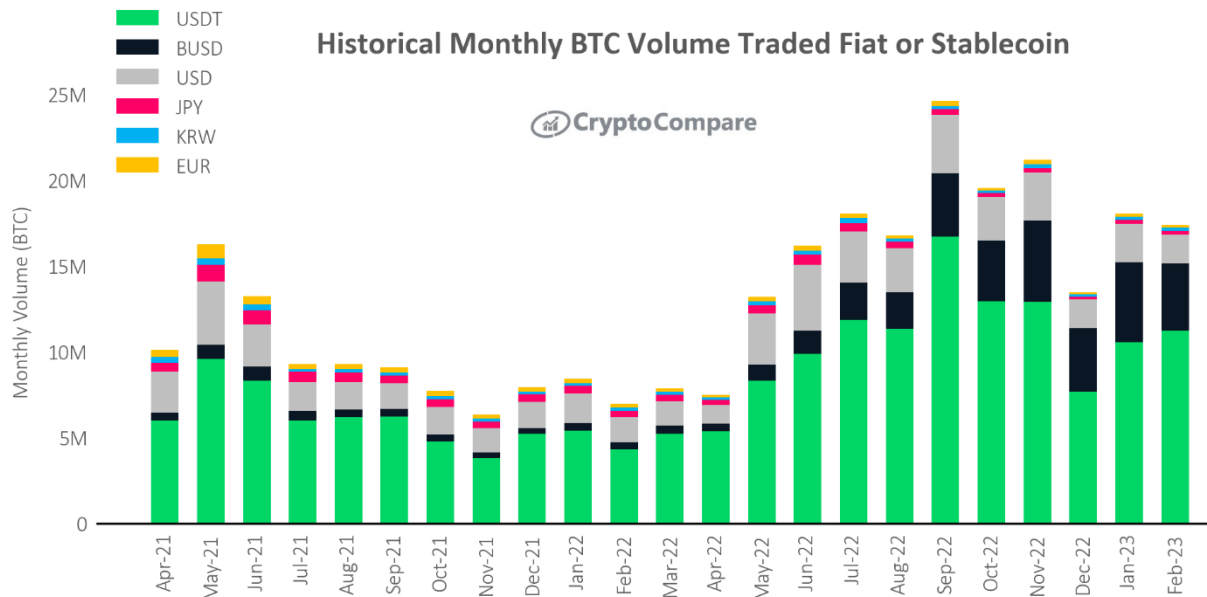
## Bitcoin to Fiat Volumes

Historical Monthly Fiat Stablecoin Volume- 3 Months



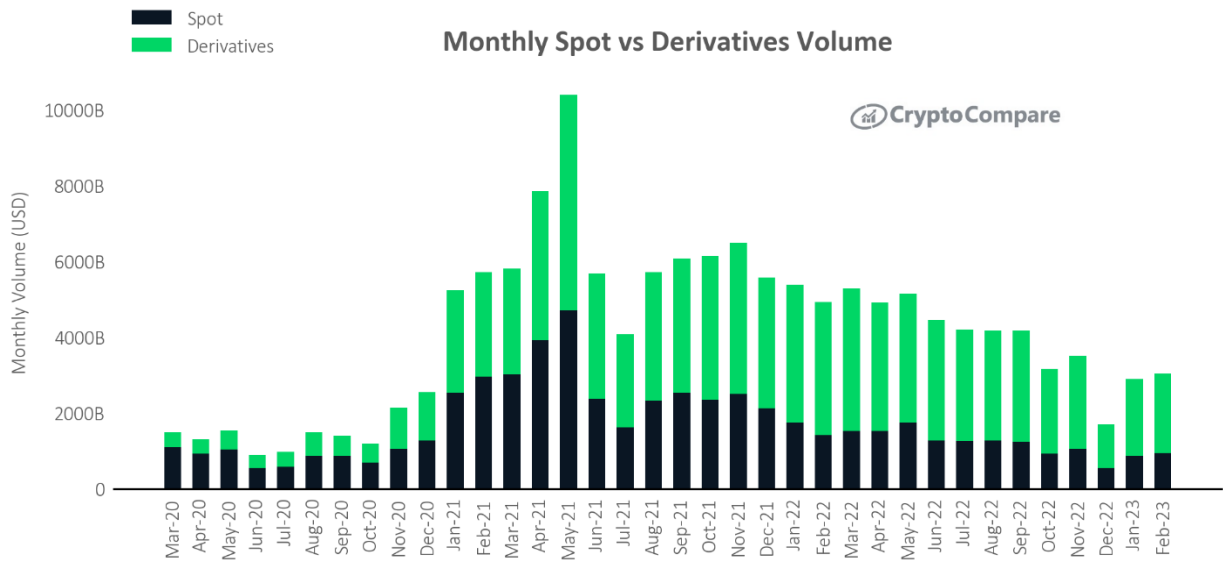
Along with all other trading activity, BTC spot trading with USDT grew for a second consecutive month, increasing 6.66% in February to 11.2mn BTC. BTC-BUSD and BTC-USD followed, with a decline of -16.4% and -26.0% to 3.90mn BTC and 1.67mn BTC, respectively.

USDC remained the next favoured stablecoin, albeit with a -14.3% fall to 86.5k BTC.

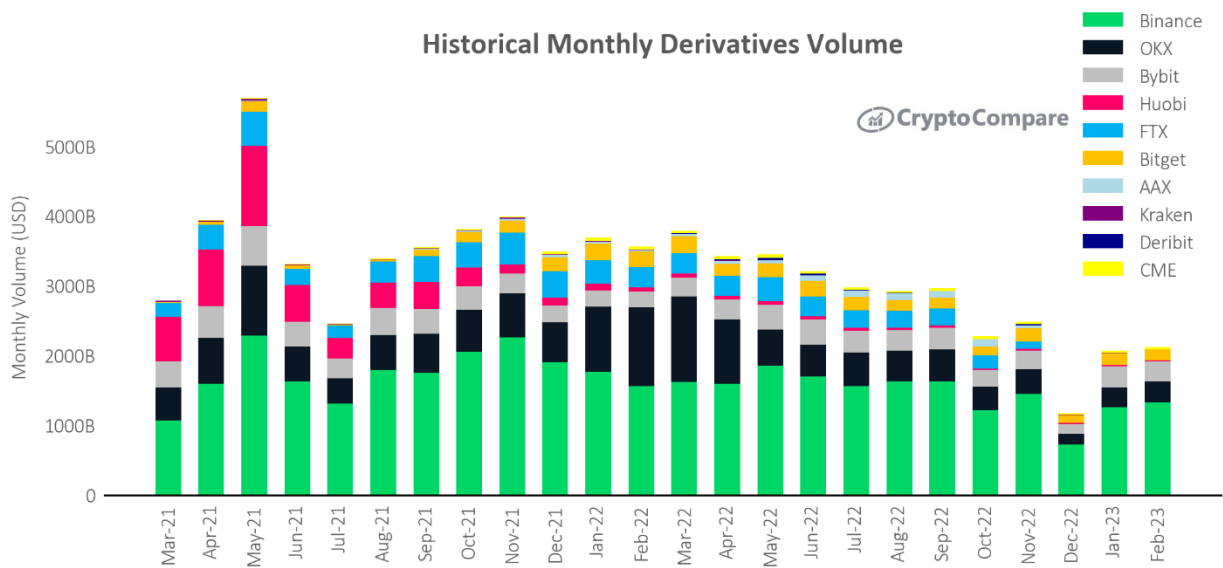


In January, BTC/USDT trading continues to represent the majority of BTC traded into fiat or stablecoin spot markets. Its dominance continued to grow in February, increasing from 57.4% to 63.7%.

## Derivatives



Derivatives volumes increased by 1.47% in February to \$2.07tn. The derivatives market now represents 68.6% of the entire crypto market (vs 70.3% in January).



Among the top 8 derivatives exchanges, Binance leads with a market share of 62.9% (\$1.32tn) of total volumes in February. This was followed by OKX (14.0% market share, \$295bn) and Bybit (13.3% market share, \$281bn).

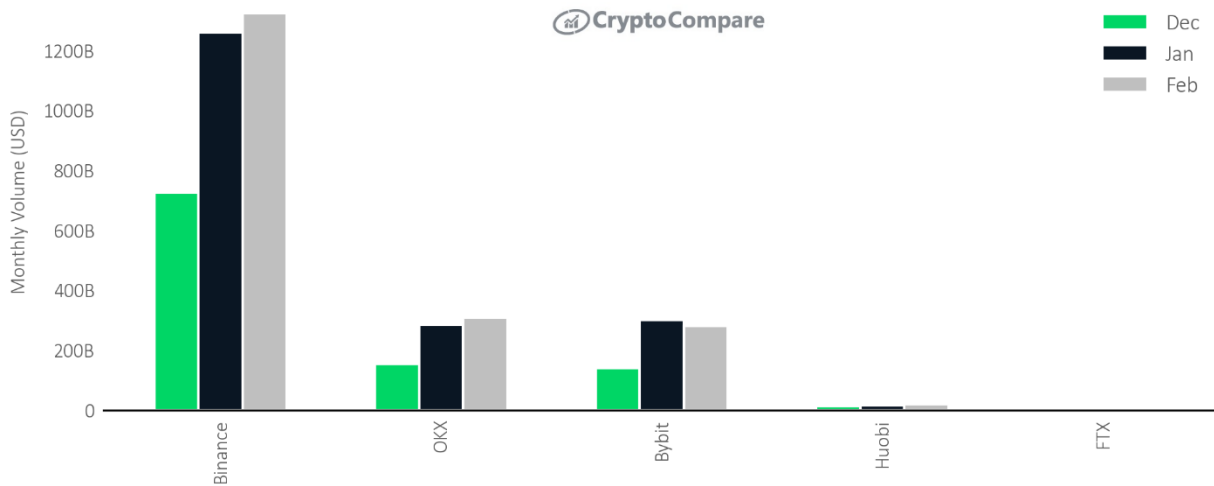
### Binance Continues to Reach Record Market Share

The collapse of FTX in November 2022 was greatly accelerated the pace at which Binance has gained market share across both spot and derivative markets. Following an increase in spot and derivative volumes of 13.7% and 5.06% to \$540mn and \$1.32tn respectively, Binance's market share across both markets reached an all-time high in February. Binance's market share going back to January 2020 has been outlined below.

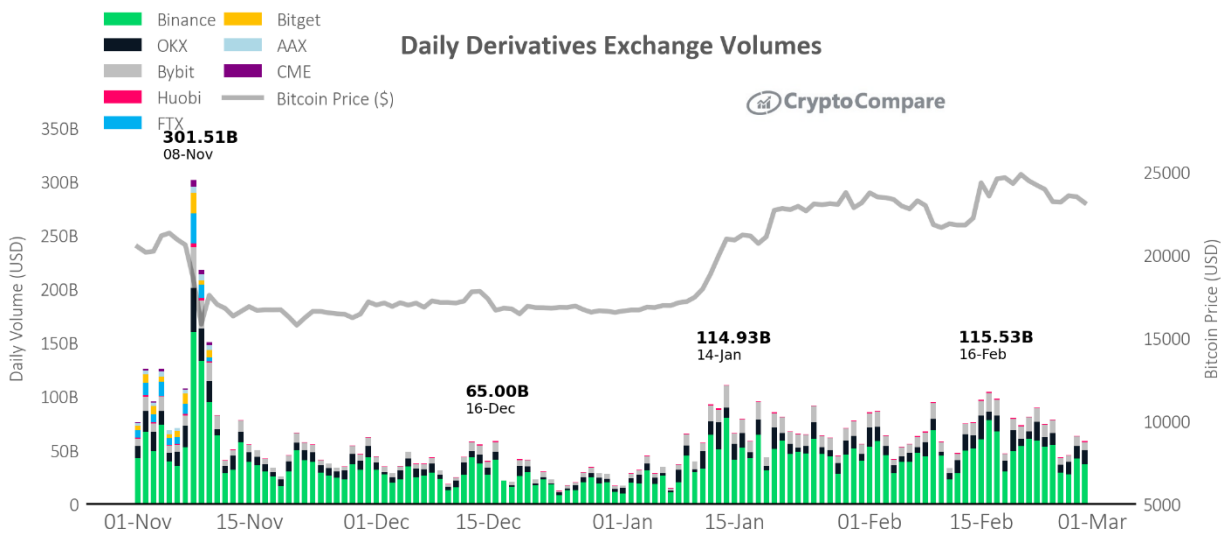
Month	Binance Spot Top-Tier Market Share	Binance Derivatives Market Share*
Jan-21	29.0%	31.9%
Feb-21	35.6%	36.5%
Mar-21	33.6%	38.5%
Apr-21	38.0%	40.4%
May-21	40.1%	40.1%
Jun-21	33.9%	49.2%
Jul-21	34.0%	53.4%
Aug-21	39.1%	52.8%
Sep-21	39.8%	49.3%
Oct-21	41.9%	53.8%
Nov-21	42.0%	56.4%
Dec-21	35.6%	54.6%
Jan-22	33.6%	47.9%
Feb-22	35.0%	43.9%
Mar-22	37.0%	42.9%
Apr-22	34.3%	46.6%
May-22	35.0%	53.8%
Jun-22	36.7%	53.0%
Jul-22	40.3%	52.5%
Aug-22	39.3%	55.6%
Sep-22	50.5%	54.9%
Oct-22	48.1%	53.6%
Nov-22	52.9%	58.4%
Dec-22	55.2%	61.7%
Jan-23	59.4%	60.9%
Feb-23	61.8%	62.9%

\*Market Share Includes: Binance, OKX, Bybit, Huobi, FTX, Bitget, AAX, Kraken, Deribit, CME

### Historical Monthly Derivatives Volumes - 3 Months

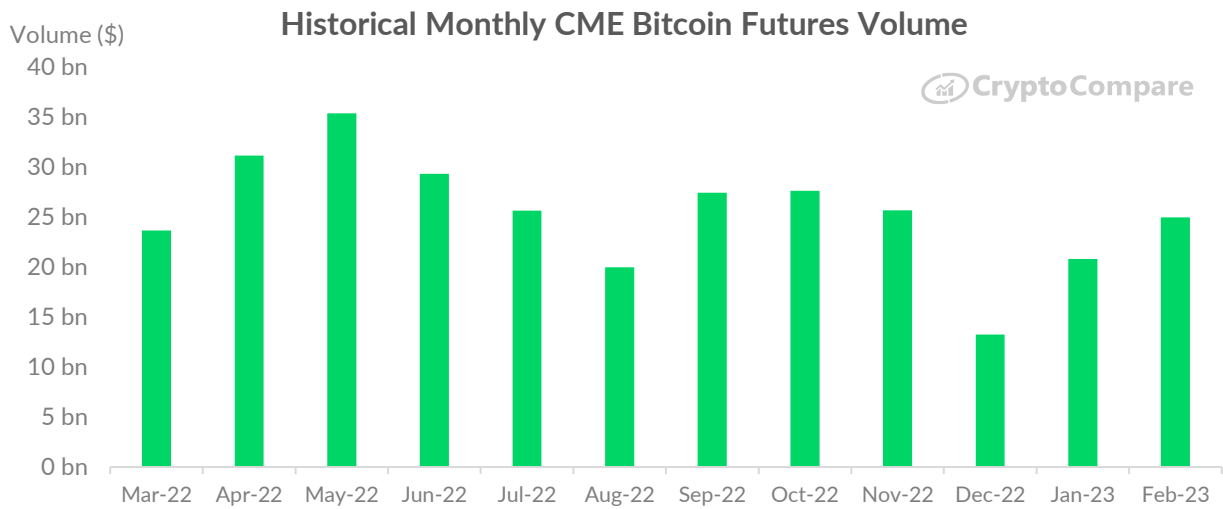


Binance was the largest derivatives exchange in February by monthly volume, trading \$1.32tn (up 5.06% compared to January), followed by OKX (\$295bn, up 3.37%) and Bybit (\$281bn, down 6.80%). Bybit and OKX continue to battle for the top exchange behind Binance, with the second consecutive month with a change in their ranking.

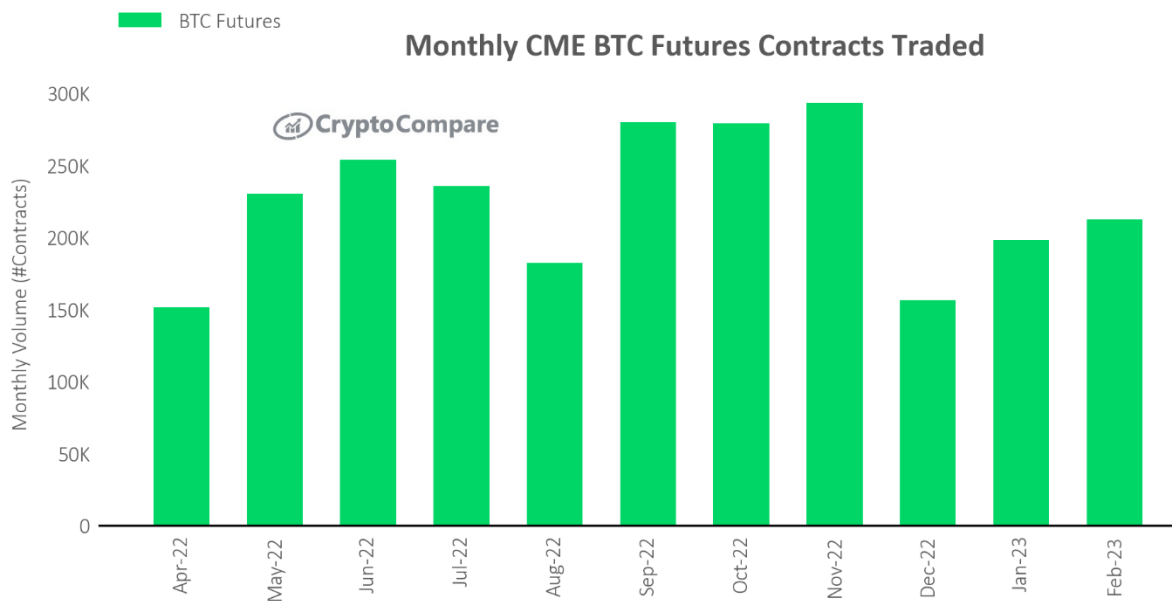


Derivatives exchanges traded a daily maximum of \$116bn on the 16<sup>th</sup> of February, a marginal 0.08% increase from January’s intra-month high of \$115bn.

## CME Institutional Volume

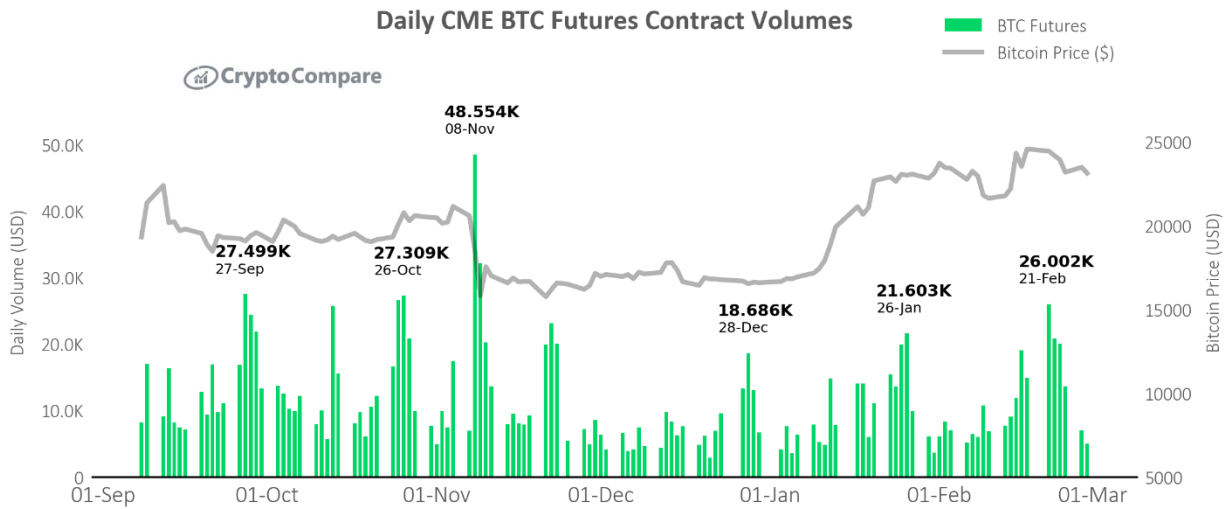


In February, CME’s BTC Futures volume rose 20.0% to \$25.0bn, while CME’s BTC Micro Futures traded \$477mn in monthly volume, up 59.4% from the month prior.

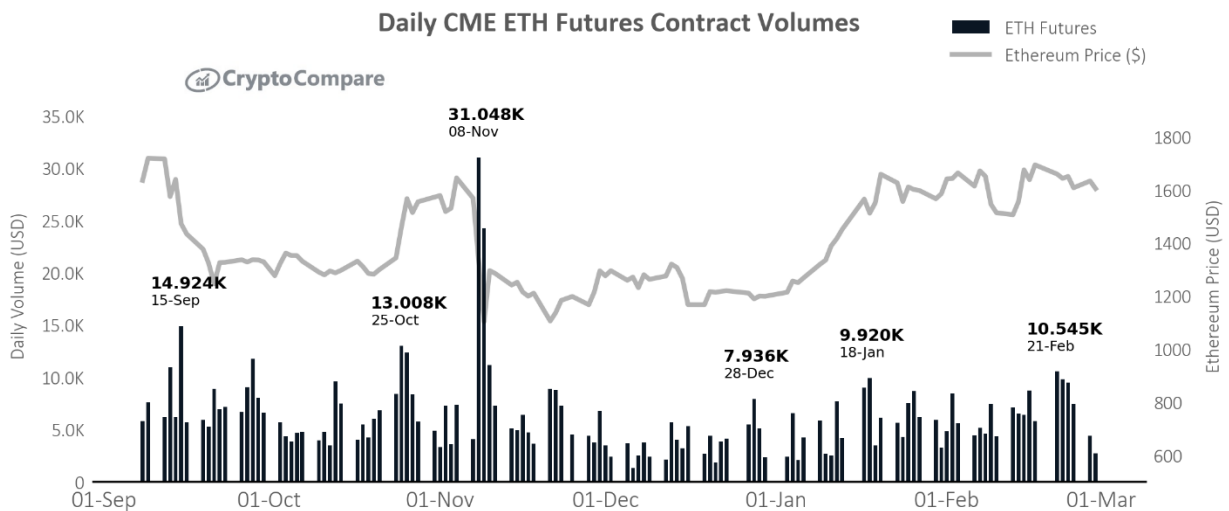


212,361 BTC futures contracts were traded in February, up 7.07% since January. This only includes CME’s Bitcoin Futures, where the underlying asset is 5 Bitcoin. It excludes Bitcoin Micro Futures, where the underlying asset is 1/10<sup>th</sup> of a Bitcoin.

A total of 202,079 Bitcoin Micro Futures were traded in February, up 40.7% compared to January.



26,002 BTC futures contracts were traded on the 21<sup>st</sup> of February, a daily maximum for the month.

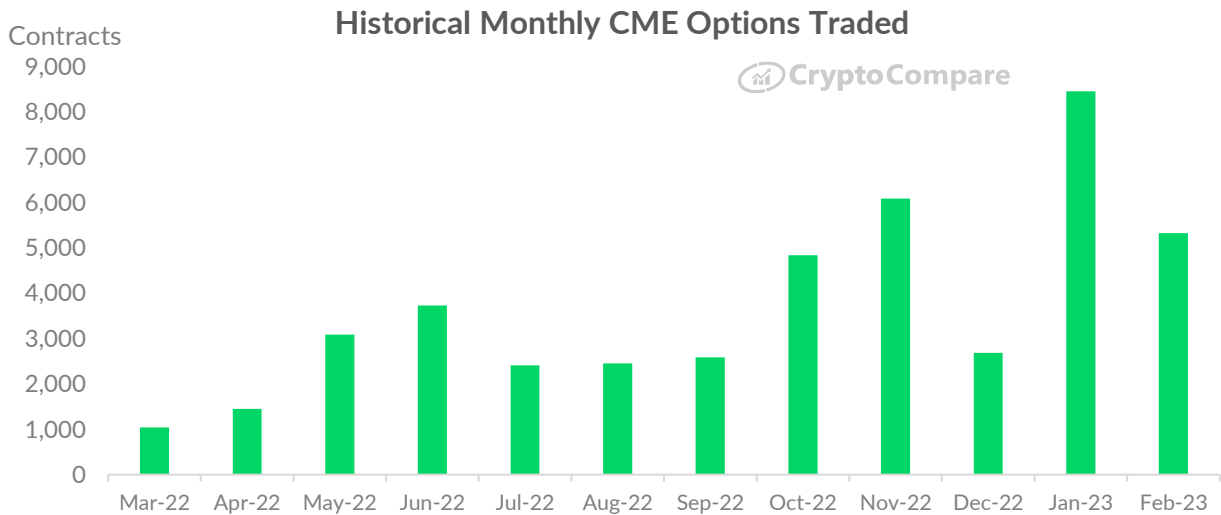


There were 10,545 ETH futures contracts traded on the 21<sup>st</sup> of February, a daily maximum for the month.

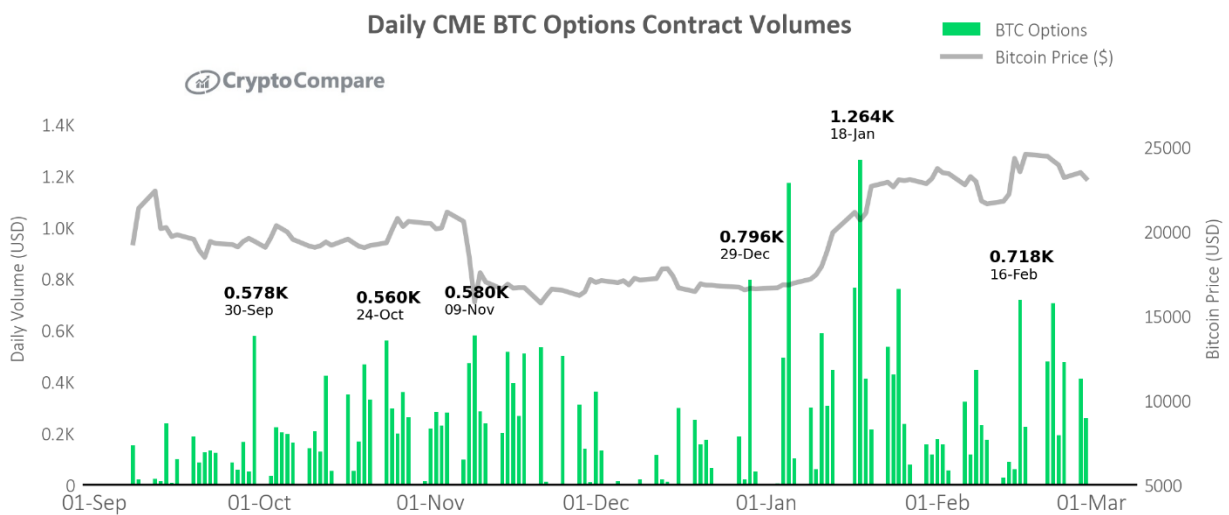
123,928 ETH futures contracts were traded in February, up 14.4% since January. This only includes CME’s Ethereum Futures, where the underlying asset is 50 ETH. It excludes Ethereum Micro Futures, where the underlying asset is 1/10<sup>th</sup> of an Ether.

A total of 208,361 Ethereum Micro Futures were traded in February, down -1.80% compared to January.



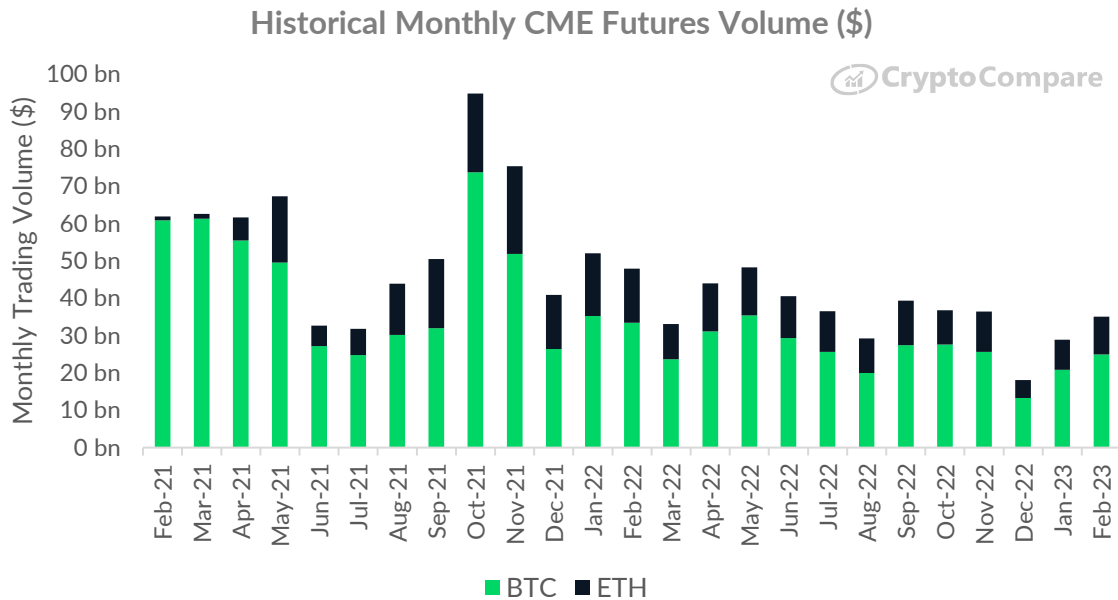


CME's BTC options contracts fell 36.9% in February to 5,330 contracts traded after a 214% rise last month.

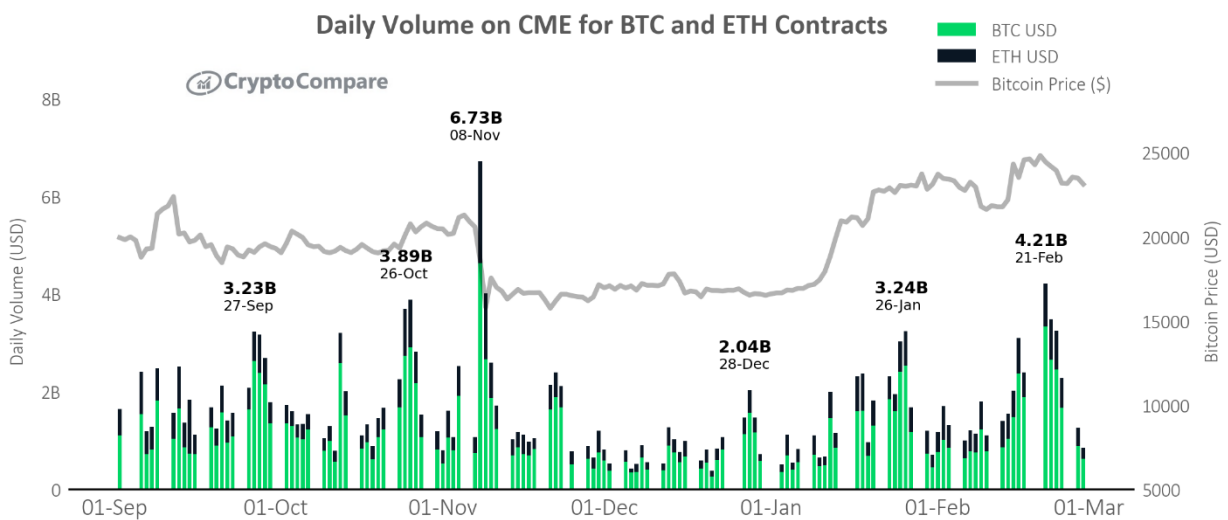


BTC options contract volumes reached a daily maximum of 718 contracts traded on the 16<sup>th</sup> of February, down 43.2% from the intra-month high in January.

Regarding total USD trading volume, CME's ETH futures reached \$10.1bn in February (up 24.4% since January). Meanwhile, CME's BTC futures volumes rose 20.0% to \$25.0bn. On aggregate ETH + BTC futures volumes rose 21.2% to \$35.0bn. This does not include Micro Futures.



A combined volume of \$4.05bn in BTC and ETH futures was traded on the 21<sup>st</sup> of February – a maximum for the month, up 25.1% from the intra-month high in January.



**To conclude**, in February, cryptocurrency exchanges saw an increase of 4.01% in volumes across both derivative and spot markets. This coincides with marginally positive returns in BTC and ETH, and the increase in volatility and risk taking in crypto markets so far in 2023 compared to the end of last year. However, it is important to put this into context - with volumes still 71.0% below the all-time highs reached in May 2021.

## 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
<a href="#">Exchange Review</a>	Captures key developments within the cryptocurrency exchange market – providing readers with an in-depth analysis of exchange volumes, trading activity, and derivatives open interest.
<a href="#">Digital Asset Management Review</a>	Tracks and provides analysis of the most innovative institutional products in the industry, assessing volumes, assets under management (AUM), and product flow trends.
<a href="#">Exchange Benchmark</a>	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.
<a href="#">Asset Report</a>	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.
<a href="#">Market Outlooks</a>	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.
<a href="#">Stablecoins and CBDCs</a>	Captures the key developments within the stablecoins and CBDCs sector – providing analysis relating to the market capitalization and trading volume of stablecoins, segmented by their type based on collateral.

### Topic Deep Dives:

Report	Description
<a href="#">Centralised Exchange Retrospective</a>	Created in collaboration with Bybit — it includes a retrospective analysis of the centralised exchange landscape and the key trends to look out for this year following the collapse of FTX in November 2022.
<b>UST's Fall From Grace</b>	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.