



EXCHANGE REVIEW

DECEMBER 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 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.

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.

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Key Market Insights

In December, crypto markets continued their downward trend with Bitcoin and Ethereum falling 3.68% and 7.72% to \$16,531 and \$1,195 respectively. This downward trend in prices has coincided with a decline in trading activity across both spot and derivatives markets, which has been exacerbated by the holiday period in December.

Trading Volume Slumps in December

Trading activity in December decreased vastly following an incredibly volatile November. Spot trading volumes declined 48.4% to \$544bn, the lowest spot trading volume figure recorded since December 2019, highlighting how deep into the bear market we are. Derivative volumes saw an even larger decline of 52.7% to \$1.16tn, with derivatives sustaining significantly higher volumes than spot markets.

Binance volumes also declined heavily, however, the exchange reached a record 51.1% market share in December, illustrating the trend of consolidation amongst centralised exchanges.

Tether's BTC Market Share Falls to Lowest Level Since May 2021

Trading between BTC, fiat & stablecoins declined significantly in the last month of 2022, coinciding with the overall fall in trading volume. In December, BTC-fiat/stablecoin volumes fell 45.0% to 11.9mn BTC. BTC-USDT trading specifically fell 48.3%, as a result, its market share fell to 56.1%, the lowest level since May 2021. This has been largely due to BUSD's gain in market share, which reached a record 26.4% in the last month of the year – BUSD volumes fell at a slower pace in December, declining 33.5% to 3.14mn BTC.

CME Volumes Hit Record Lows

In December, derivatives trading volume on CME fell 49.2% to \$14.2bn, recording the lowest trading volume since October 2020. BTC futures volume traded on the exchange fell 48.3% to \$13.2bn while ETH futures volume declined 55.3% to \$481mn. This was the lowest trading volume for ETH futures since March 2021.

Options trading on the exchange also fell significantly in December with BTC options trading volume declining 57.4% to \$225mn, the lowest figure recorded since July 2021. ETH options trading volume on CME also fell 41.5% to \$2.00mn, recording the lowest trading volume in its history.

The steep decline in trading volume coincides with the current market sentiment towards centralised exchanges following the collapse of FTX.

December Exchange News

COMPANY	STORY	DATE
Binance	Binance Labs Invests up to \$4.5 Million in Ambit Finance To Boost DeFi on BNB Chain	December 2
BitMEX	Now Live: Crypto's First-Ever ETH Staking Yield Swap	December 8
Coinbase	Coinbase wins Best Digital Asset Custodian Award in Singapore	December 11
Gemini	Nifty Gateway Tapped to Power Starbucks Odyssey Market, a Web3 Experience	December 14
Coinbase	Coinbase announces new asset recovery tool for ERC-20 tokens	December 15
Gemini	Gemini Launches in Greece and Bulgaria	December 16
Kraken	Bitcoin Taproot address now supported on Kraken	December 19
Binance	Binance Joins The Chamber of Digital Commerce to Support Building a Regulatory Framework for Crypto	December 20
Coinbase	Coinbase secures regulatory approval and welcomes new Country Director in Ireland	December 21
Kraken	Open to all: Explore, collect and trade with the Kraken NFT Public Beta	December 22

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

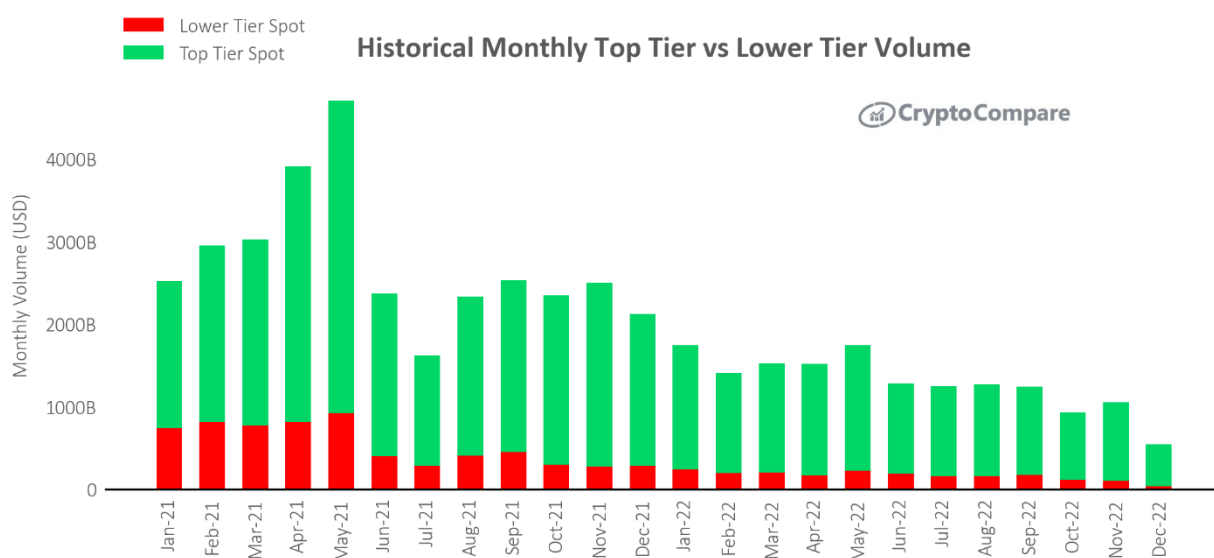
CryptoCompare's biannual Exchange Benchmark aims to serve investors, regulators and industry participants by scoring and ranking exchanges based on their operational transparency, security, operational quality, regulatory standing, data provision, management team, and ability to monitor trades and illicit 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](#)

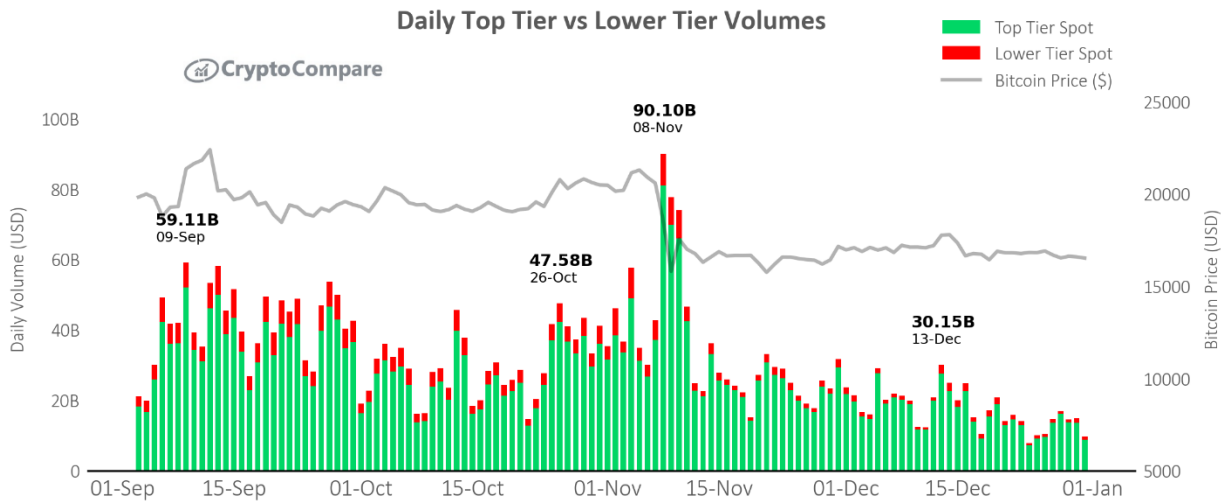
This report assesses exchange activity via the above segmentation, particularly for spot markets. Apart from this, we study the market segmentation between different exchanges and assets, derivatives, and dive deeper into CME data, one of the largest derivatives exchanges across multiple asset classes.

Top Tier vs Lower Tier Exchange Volumes



In December, total spot trading volumes decreased 48.4% to \$544bn. Top-Tier spot volumes decreased 47.2% to \$504bn, and Lower-Tier spot volumes decreased 59.7% to \$40.2bn. This is the lowest spot trading volume recorded since December 2019.

Top-Tier exchanges now represent 92.6% of total spot volume based on CryptoCompare's October 2022 Exchange Benchmark Ranking. This is the highest market share Top-Tier exchanges recorded in its history.



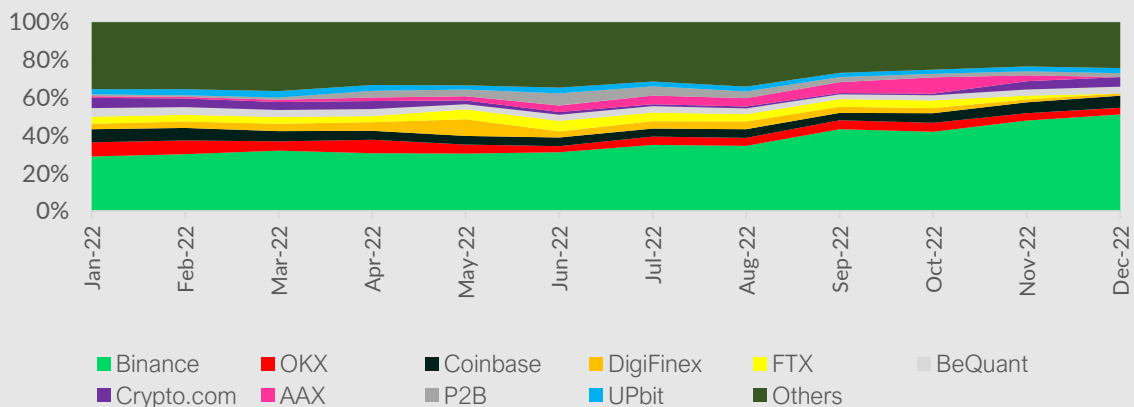
Trading activity across spot markets decreased in December, reflecting the risk-averseness of the market following the collapse of FTX. The December holiday period also likely contributed to the decline in trading activity in crypto markets.

Coincidentally, a daily volume maximum of \$30.2bn was traded on the 13th of December, down 66.5% from the intra-month high in November.

Binance Wins from 2022 Consolidation

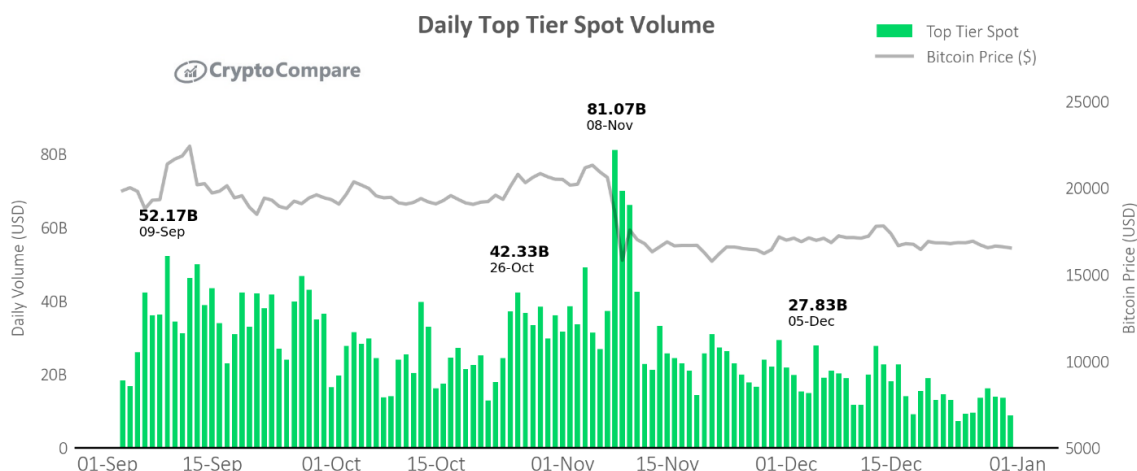
2022 proved to be a year of consolidation in the centralised exchange space. Binance ended the year as the clear winner, increasing its aggregated, annual market share from 30.0% in 2021 to 34.8% in 2022 among the exchanges analysed in this report (100+).

2022 Monthly CEX Dominance



As the chart above illustrates, Binance was able to gradually improve its market share throughout 2022, starting with a 28.9% share in January and closing the year with an astounding 51.1% share for monthly December volumes. While Binance's growing market share is a sign of their superior market quality and the advanced operations, the dominance of Binance is worrisome for an industry that values decentralisation. 2023 will likely continue to see consolidation in the industry as volumes remain low, particularly in the first half of the year.

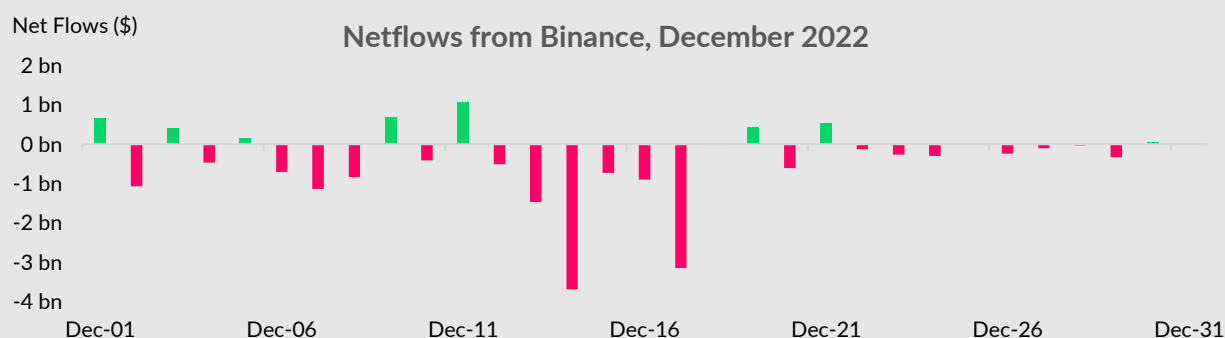
Top-Tier exchanges traded a daily volume maximum of \$27.8bn on the 13th of December, down 65.7% from November. Top-Tier exchanges are selected based on our rigorous [Exchange Benchmark Methodology](#).



Concerns Over CEXs Continue with Binance Recording Huge Net Outflows

Trust in centralised exchanges has taken a huge hit following the collapse of FTX last month. This has led to investors withdrawing their assets from exchanges, particularly Binance, the dominant player in the market.

Concerns surrounding Binance began on the second week of December after they released their Proof of Reserves (PoR) audit results from the major accounting firm, Mazars. While Binance touted the inspection by Mazars as a PoR audit, the official report by the accounting firm confirmed otherwise. According to Mazars, the audit performed for Binance and other exchanges including Kucoin and Crypto.com were 'Agreed Upon Procedures' reports, whose purpose is to illustrate the scope of requirements suggested by the exchanges.

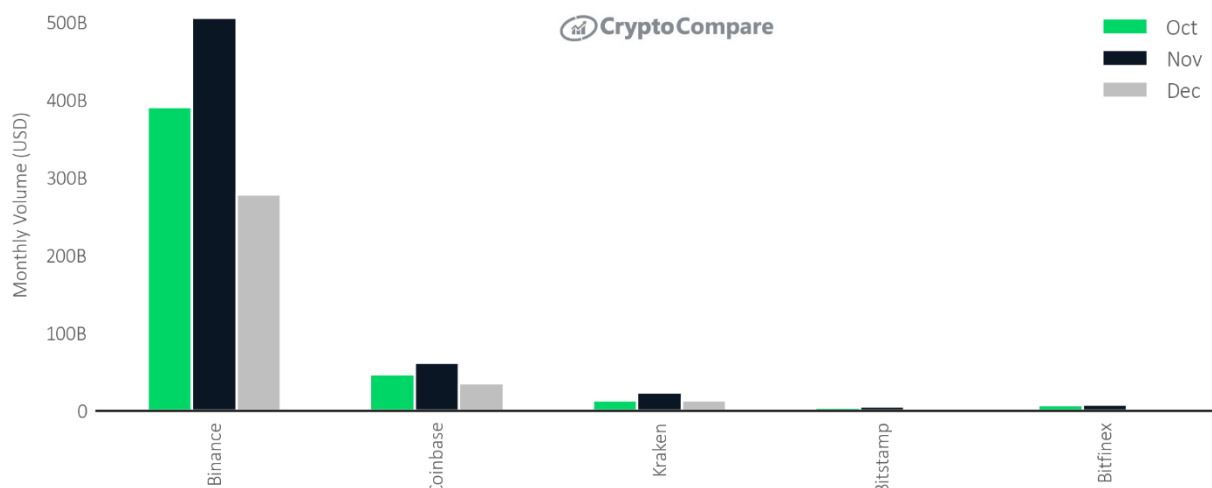


This misinterpretation, together with other flaws in the supposed audit, along with the similarities in the utility of BNB and FTT on their respective exchanges, has led already panic-stricken crypto investors to remove their assets from the exchange. This has resulted in a net outflow of \$10.4bn between 12th and 18th December, a record high for the exchange.

Macro Analysis and Market Segmentation

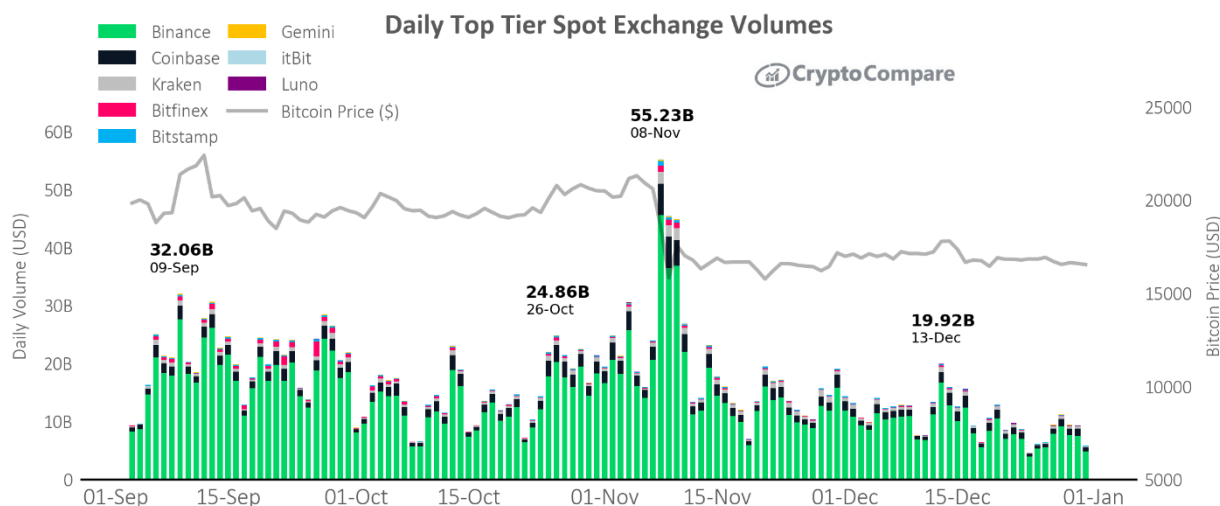
In December, spot volume from the 8 graded AA-A exchanges decreased by 44.9% compared to November, with total spot volumes of \$335bn.

Historical Monthly Top-Tier Spot Volume - 3 Months



Considering individual exchanges, Binance (Grade A) was the largest Top-Tier spot exchange by volume in December, trading \$278bn (down 45.0%). This was followed by Coinbase (Grade A) trading \$35.0bn (down 43.6%) and Kraken (Grade A) trading \$13.8bn (down 42.3%).

Bitstamp (Grade AA) and Bitfinex (Grade A) followed, trading \$3.53bn (down 38.3%) and \$3.17bn (down 59.4%), respectively.



Binance, Coinbase, and Kraken were the top exchanges in terms of spot volume in December relative to other AA-A graded exchanges. Among the top tier exchanges, they represented approximately 64.9% of total volume (vs 61.9% in November). Binance remains the market leader, with 55.2% of the market share.

Gemini Challenges Genesis & DCG

Gemini has been the focus of attention over the last few weeks, particularly for those assessing the contagion from the collapse of FTX. Specifically, the focus is on Gemini's EARN program, which used the now insolvent Genesis Trading to generate yield for users.

Genesis Trading halted withdrawals on November 16th and has yet to provide further clarity as to their financial situation. The crypto lender still holds major assets on its balance sheet, most importantly a \$575mn loan to its parent company DCG, with payment due in May 2023.

As a result of the lack of clarity provided by DCG and any of its subsidiaries, on the 2nd of January Cameron Winklevoss (the founder of Gemini) wrote an [open letter](#) to Barry Silbert, the CEO of DCG, addressing the issues with Genesis and its own liabilities to Gemini, which amount to \$900mn. A snippet of this letter has been included below:

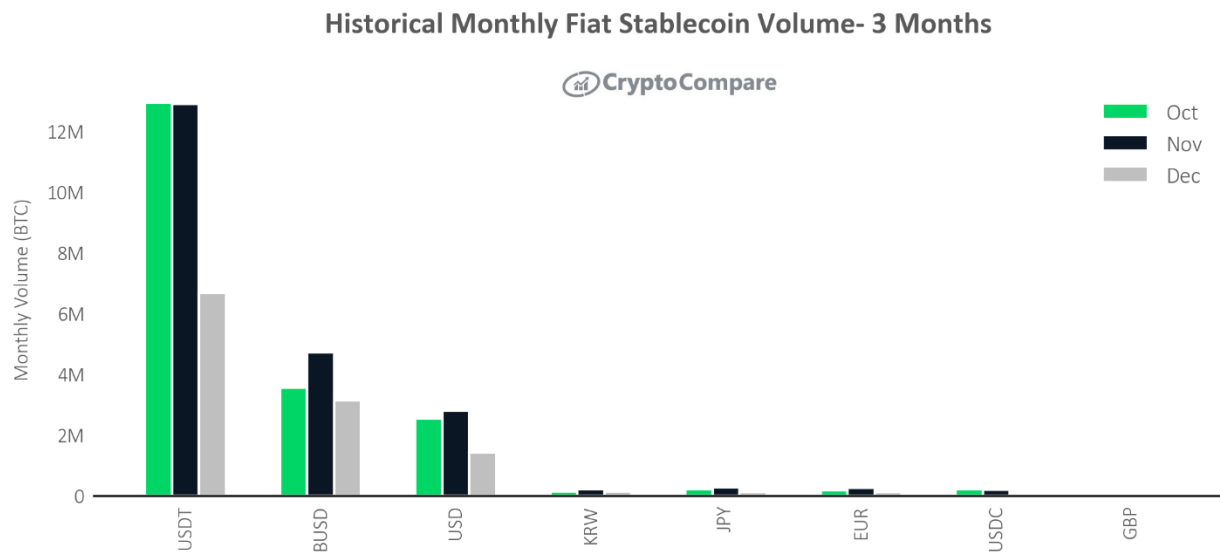
For the past six weeks, we have done everything we can to engage with you in a good faith and collaborative manner in order to reach a consensual resolution for you to pay back the \$900 million that you owe, while helping you preserve your business. We appreciate that there are startup costs to any restructuring, and at times things don't go as fast as we would all like. However, it is now becoming clear that you have been engaging in bad faith stall tactics.

For example, on December 2nd we expressed our belief "that getting everyone in a room together as soon as possible will be the most productive path towards reaching a resolution." You agreed, but stated you would only do so after there was a proposal on the table. On December 17th, a proposal was delivered to you. On December 25th, Christmas Day, an updated version of this proposal was delivered to you. Despite this, you continue to refuse to get into a room with us to hash out a resolution. In addition, you continue to refuse to agree to a timeline with key milestones. Every time we ask you for tangible engagement, you hide behind lawyers, investment bankers, and process. After six weeks, your behavior is not only completely unacceptable, it is unconscionable.

There are no clear implications from the above, as DCG and Genesis Trading create a bottleneck in the chain of contagion from FTX's debacle. However, this does demonstrate that contagion remains a major headwind that market participants should account for in the first few months of the year. It is unclear whether DCG and its subsidiaries will find a solution to its liquidity issues, which is made more complicated given Grayscale, the largest investment management company in crypto, is also a subsidiary of DCG, meaning the liquidation of its Trust products could be a possibility for DCG and Genesis to meet their obligations.

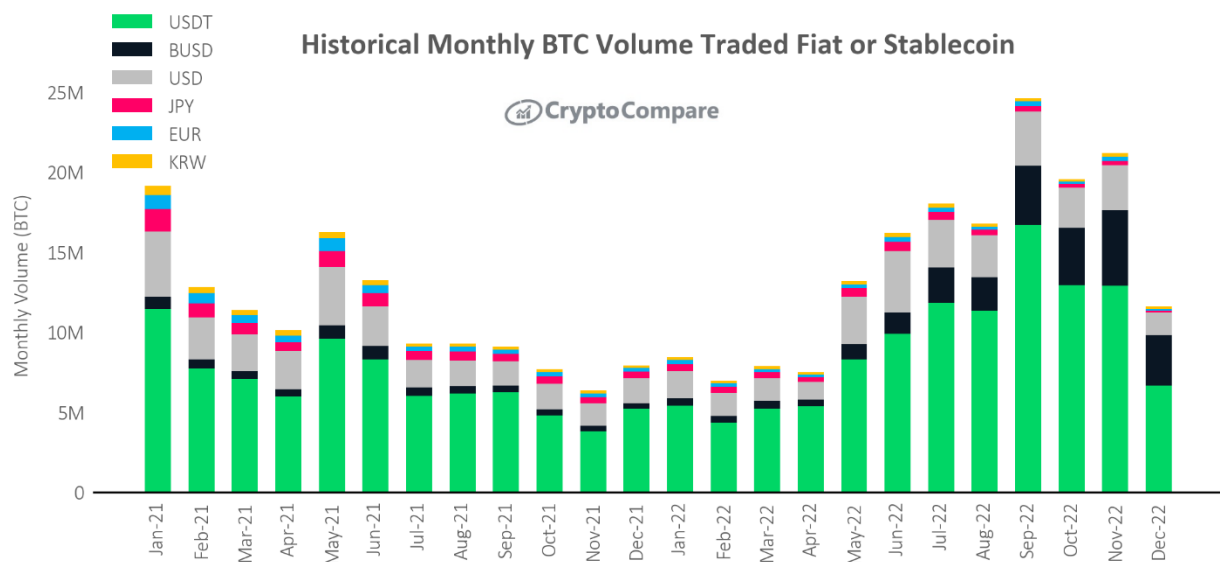
As shown above, news on DCG and Genesis will have cascading effects on other pockets of the industry, with Gemini's EARN program being one of the main players affected. Market participants should be sure to keep a close eye on these developments as they could have dire short-term and long-term consequences for the industry.

Bitcoin to Fiat Volumes



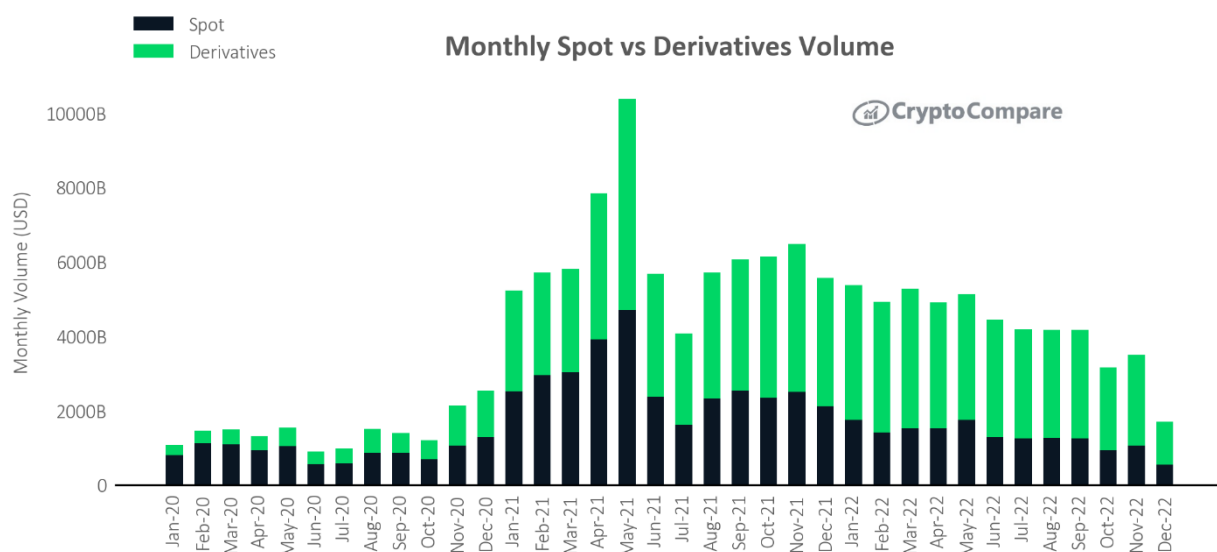
Along with all other trading activity, BTC spot trading with USDT fell significantly last month, decreasing 48.3% in December to 6.67mn BTC. BTC spot trading into BinanceUSD (BUSD) and USD followed, falling 33.5% and 49.3% to 3.14mn BTC and 1.42mn BTC, respectively. The rise in BUSD trading volume relative to other fiat currencies or stablecoins reflects the increase in trading volume on Binance following the collapse of FTX.

USDC remained the next favoured stablecoin, falling 57.0% to 121k BTC.

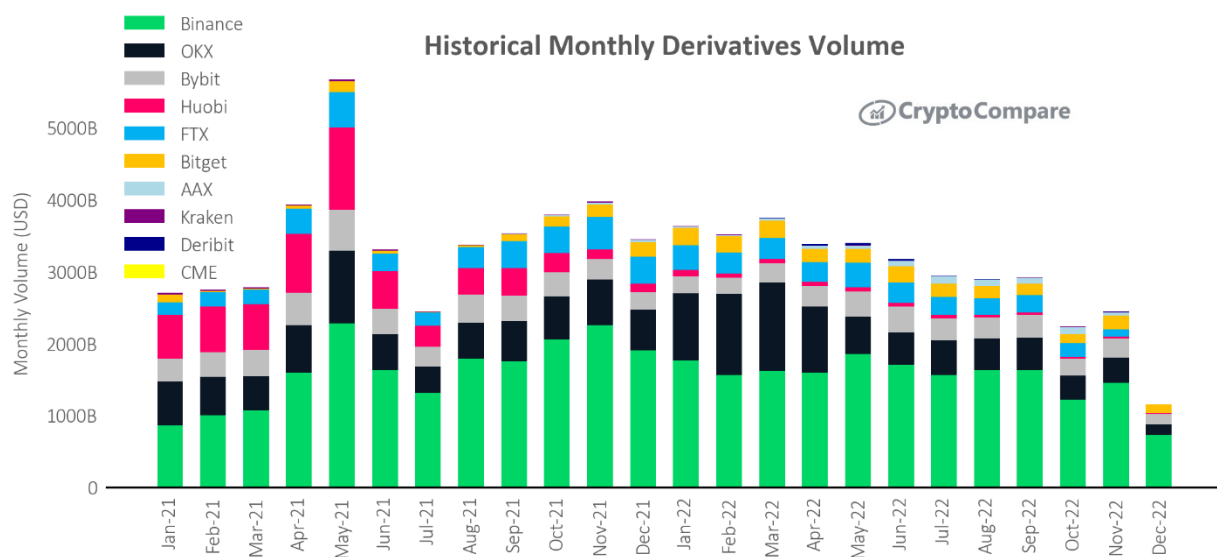


In December, BTC/USDT trading continues to represent the majority of BTC traded into fiat or stablecoin spot markets. Its dominance however has decreased for the last three months, reaching 56.1% in December compared to 59.7% in November.

Derivatives

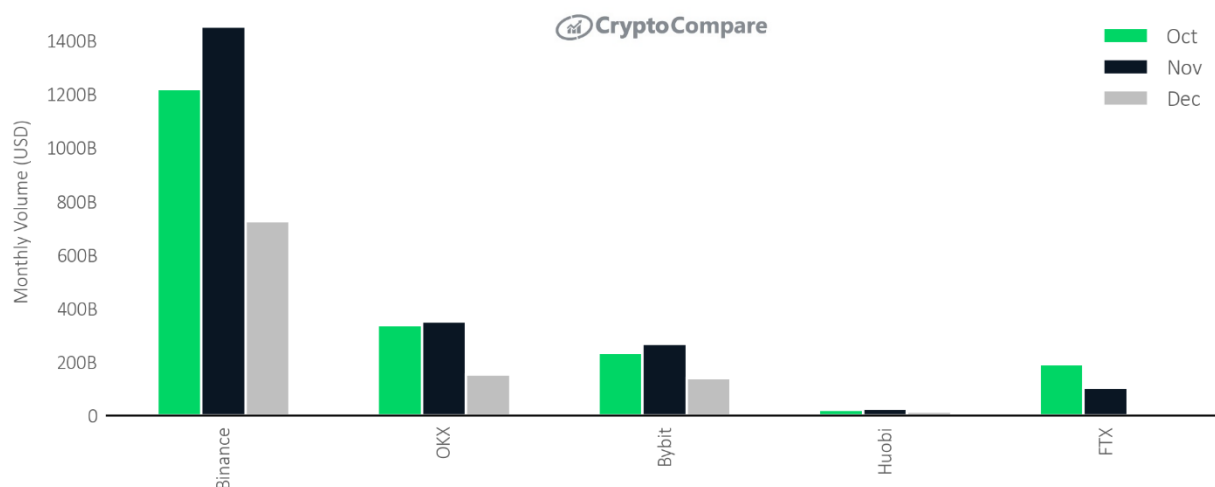


Derivatives volumes decreased by 52.7% in December to \$1.16tn. The derivatives market now represents 68.0% of the entire crypto market (vs 69.9% in November).

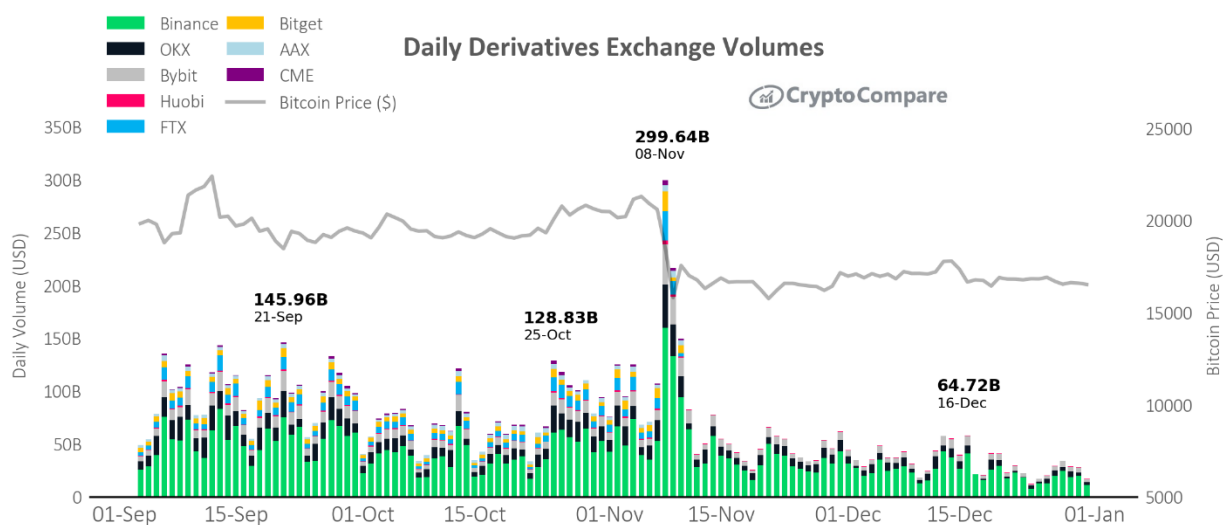


Among the top 7 derivatives exchanges (FTX and AAX reported no volumes in December), Binance leads with a market share of 62.7% (\$726bn) of total volumes in December. This was followed by OKX (13.3% market share, \$154bn) and Bybit (12.1% market share, \$140bn).

Historical Monthly Derivatives Volumes - 3 Months



Binance was the largest derivatives exchange in December by monthly volume, trading \$726bn (down 50.0% since November), followed by OKX (\$154bn, down 56.1%) and Bybit (\$140bn, down 47.6%).

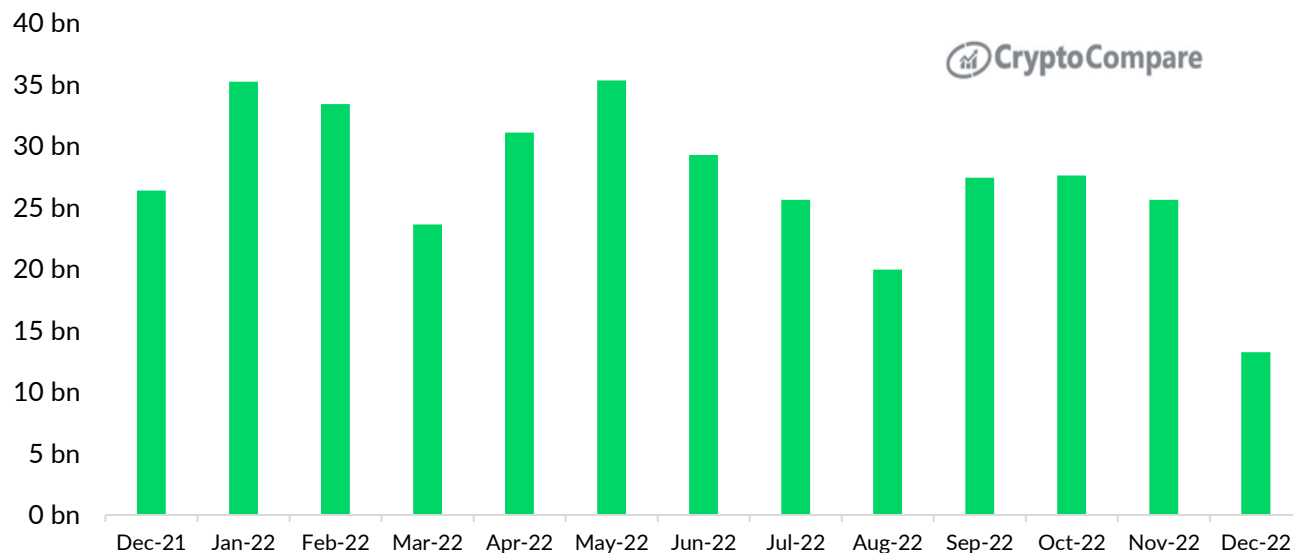


Derivatives exchanges traded a daily maximum of \$64.7bn on the 16th of December, down 78.0% from November's intra-month high of \$295bn.

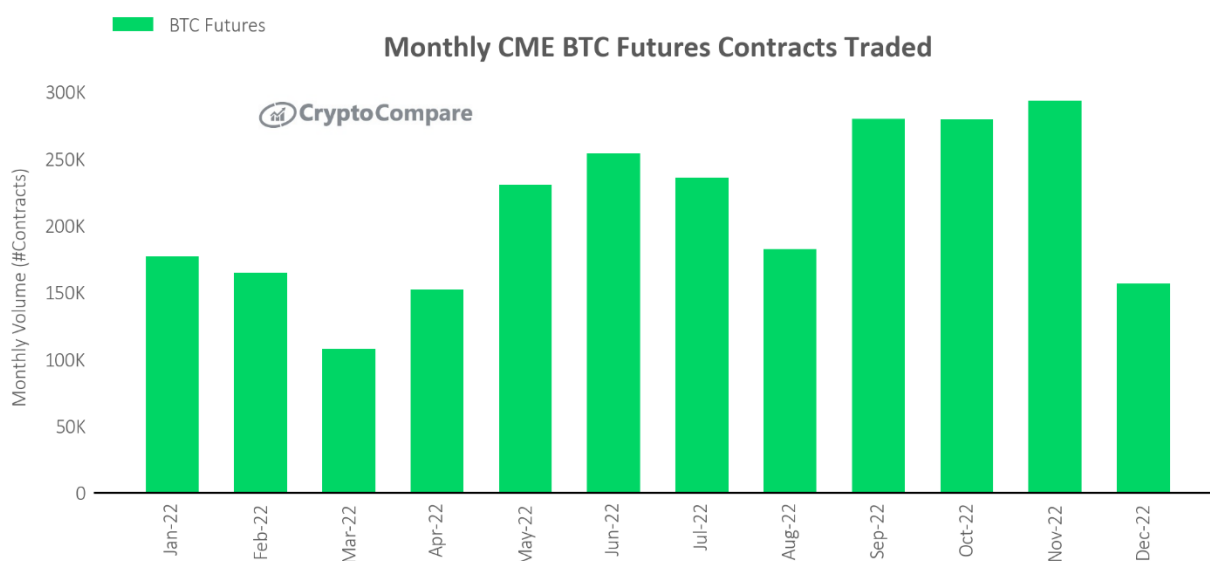
CME Institutional Volume

Monthly Volume (\$)

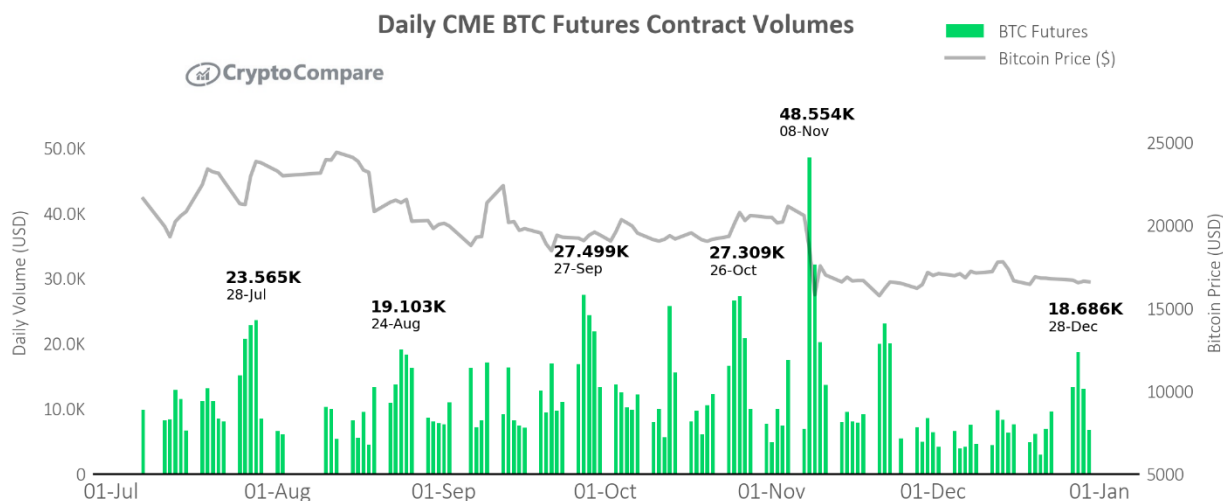
Historical Monthly CME Bitcoin Futures Volume (\$)



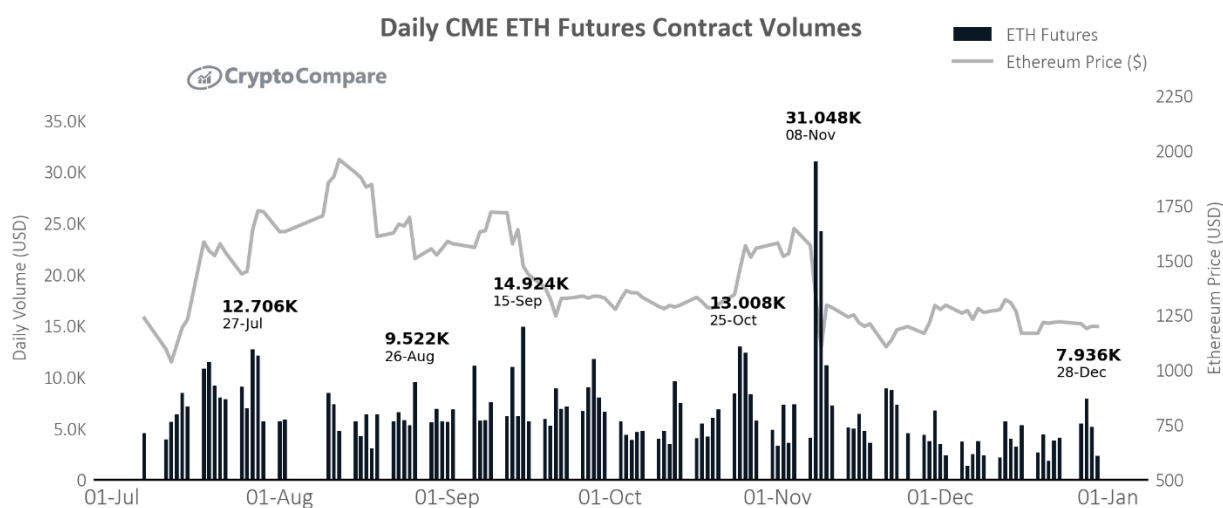
In December, CME's BTC futures volume fell 48.4% to \$13.2bn, recording the lowest volume since October 2020.



156,415 BTC futures contracts were traded in December, down 46.7% since November. This was the lowest number of BTC futures contracts traded on the CME since April earlier this year.



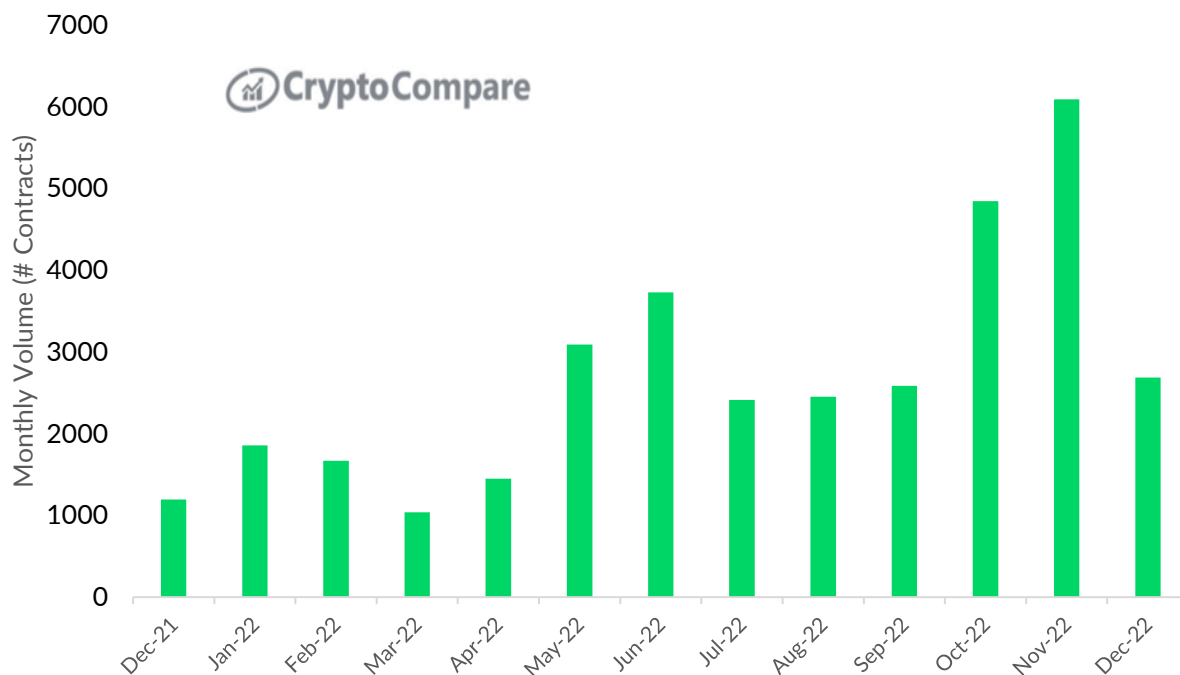
18,686 BTC futures contracts were traded on the 28th of December, a daily maximum for the month.



There were 7,936 ETH futures contracts traded on the 28th of December, a daily maximum for the month.

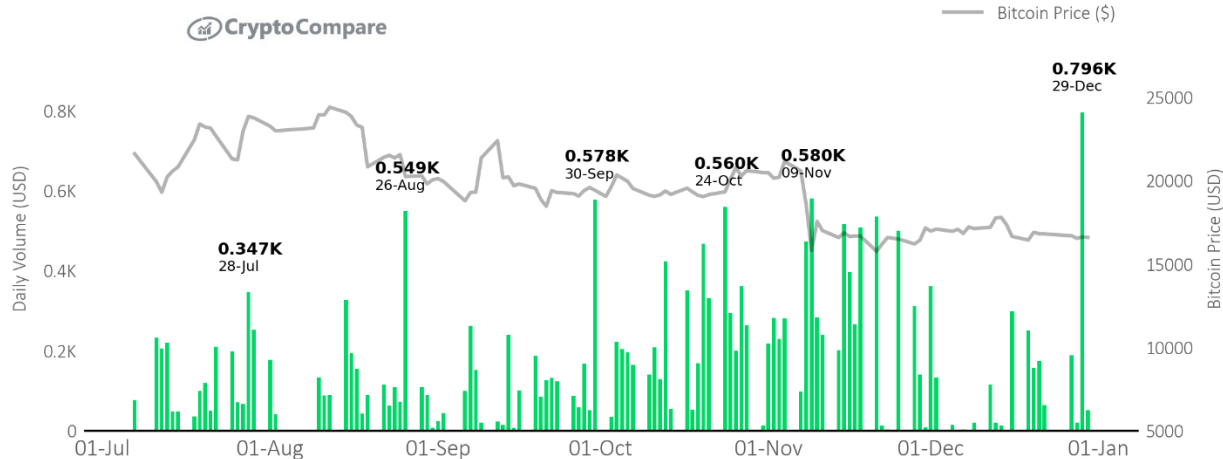
In total, 77,846 ETH futures contracts were traded in December, down 53.9% since November. This was the lowest number of ETH futures contracts traded on the CME since March earlier this year.

Historical Monthly CME BTC Options Contract Volumes



CME's BTC options contracts fell 55.9% in December to 2,688 contracts traded. This is the first the number of BTC options contracts traded on CME has declined in the last six months.

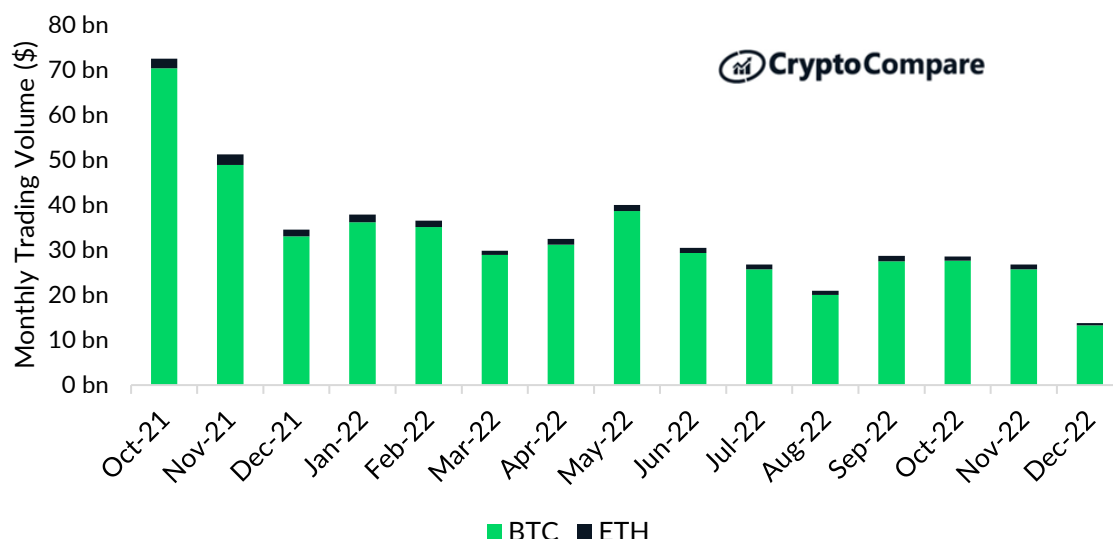
Daily CME BTC Options Contract Volumes



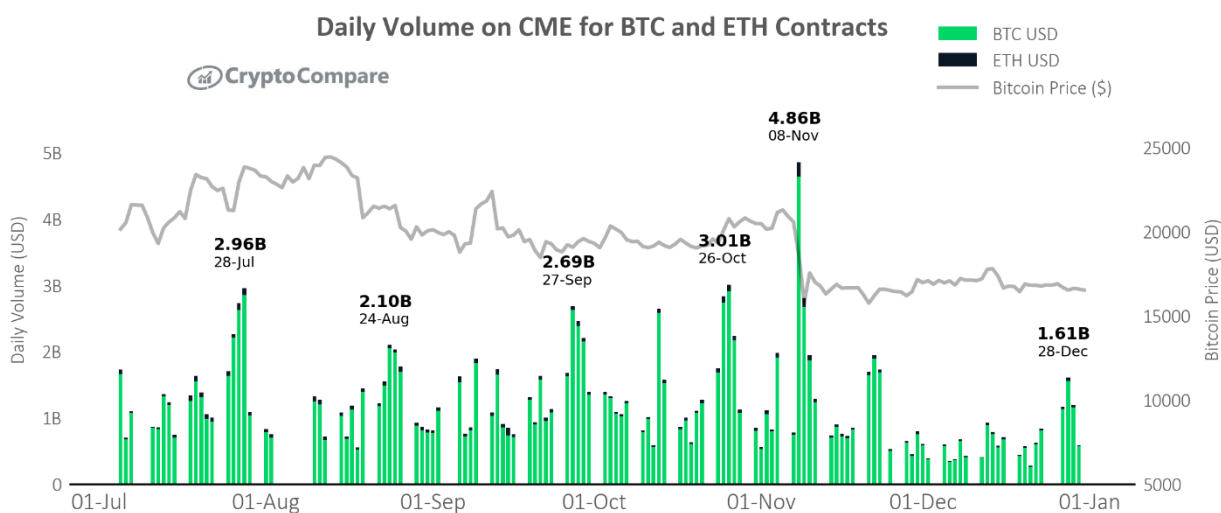
BTC options contract volumes reached a daily maximum of 796 contracts traded on the 29th of December, up 37.2% from the intra-month high in November.

In terms of total USD trading volume, CME's ETH futures reached \$481mn in December (down 55.3% since November). Meanwhile, CME's BTC futures volumes fell 48.4% to \$13.2bn. On aggregate ETH + BTC futures volumes fell 48.7% to \$13.7bn.

Historical Monthly CME Futures Volume (\$)



A combined volume of BTC \$1.61bn in BTC and ETH futures were traded on the 28th of December - a daily maximum for the month, down 66.9% from the intra-month high in November.



To conclude, in December, cryptocurrency exchanges saw a sharp decline of 51.4% in volumes across both derivative and spot markets. This coincides with the loss of users' trust in centralised exchanges following the collapse of FTX in November, leading investors to take a cautious stance amid concerns over further contagion. This was reflected in the prices of crypto assets, with BTC and ETH falling by 3.68% and 7.72%, 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.