

CCData

Exchange Review

JANUARY 2024

About CCData

CCData is an FCA-authorised benchmark administrator and 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, CCData's thought-leadership reports and analytics offer objective insights into the digital asset industry.

About This Report

CCData's Exchange Review aims to capture the key developments within the cryptocurrency exchange market. Our review concentrates on analyses related to exchange volumes, including aspects of crypto derivatives trading, market segmentation by exchange fee models, and comparisons between crypto-to-crypto versus fiat-to-crypto volumes. We also analyse Bitcoin trading across various fiat and stablecoin pairs, the top crypto exchange rankings by spot trading volume, and focus on historical volume development for the leading decentralised exchanges.

CCData'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.

For questions related to our research or any potential requests, feel free to contact our research department at research@ccdata.io.

Explore the data on CCData's API

For those interested in accessing CCData's API and data solutions, 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 CCData's API here.

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 31st of January 2024, unless stated otherwise.**

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Key Market Insights

In January, the combined spot and derivatives trading volume on centralised exchanges declined for the first time in four months, falling 0.72% to $4.65tn. Trading activity on centralised exchanges remained at a heightened level following the sell-off and the deleveraging of positions by traders, with the prices of crypto assets reaching range lows after the approval of spot Bitcoin ETFs in the United States.

Spot Volumes Rise for the Fourth Consecutive Month

In January, the spot trading volumes on centralised exchanges rose 4.45% to $1.40tn, recording the fourth consecutive increase in monthly spot trading volumes. The price action following the highly anticipated approval of spot Bitcoin ETFs in the US suggests that the sell-off marked the end of an uptrend that had persisted for months. Trading volumes remain at a heightened level, with spot volumes In the last couple of months growing to levels not seen since 2022, driven by the approval of spot Bitcoin ETFs in the US.

Binance remains the largest spot trading exchange with volumes rising 2.73% to $437bn, recording a market share of 31.3%. Meanwhile, OKX – the next largest spot exchange – saw its trading volumes fall 5.22% to $99.1bn, resulting in its market share falling to 7.09% from 7.81%. Coinbase, the custodian for most of the US spot Bitcoin ETF participants, saw its market share rise for the third consecutive month to 5.42%.

Derivatives Market Share Slides As Traders Deleverage

The derivatives trading volume on centralised exchanges fell 2.79% to $3.25tn, recording the first decline in four months. Additionally, the market share for derivatives fell for the fourth consecutive month, dropping to 69.9%—the lowest since February 2023. The observed decline in open interest following the approval of spot Bitcoin ETFs in the US suggests that the decrease in derivatives volume may be attributed to traders deleveraging their positions after the conclusion of the ETF narrative.

Binance continues to dominate the derivatives markets with a market share of 46.3%, however, the exchange, along with the other two largest derivatives exchanges – OKX and Bybit – saw their trading volumes decline, 4.69%, 10.8% and 6.04% to $1.50tn, $764bn, and $416bn respectively. Meanwhile, CME and Kraken saw their trading volume rise 35.3% and 34.3% to $94.9bn and $16.8bn respectively.

CME Volumes Rises to the Highest Level Since October 2021

The total derivatives trading volume on the CME rose 35.2% to $94.9bn, recording the highest volumes since October 2021. The trading volume for BTC futures on the exchange rose 42.4% to $73.9bn as institutional traders wound down their positions after the approval of the spot Bitcoin ETFs in the United States. The open interest of BTC futures on the CME exchange, which surpassed the open interest on Binance recently, has now reversed its trend, falling 8.50% to $4.42bn. BTC options traded on the exchange also fell 29.9% to $1.57bn.

Meanwhile, the trading volume for ETH futures on the exchange rose 15.6% after the attention briefly shifted to a possible ETH ETF approval with seven applicants waiting for the SEC decision later this year. The ETH options traded on the exchange rose 27.6% to $518mn, the second-highest monthly trading volume for the instrument on the exchange.

January Exchange News

COMPANY	STORY	DATE
Binance	Binance Web3 Wallet's New Features	Jan 5
Gemini	Gemini Implements Additional Measures to Protect UK Users, Further Adhering to New FCA Regulations	Jan 8
Kraken	Create custom layouts on Kraken Pro	Jan 8
OKX	OKX Ventures Announces Strategic Investment in Web3 Gaming Company Matr1x	Jan 9
KuCoin	KuCoin Labs Announces Strategic Partnership with ETGM, a Revolutionary Inscriptional Bot Project, to Explore New Frontiers in Bitcoin Ecosystem	Jan 15
Bitfinex	Bitfinex Collaborates with Synonym to Connect More Customers to the Lightning Network	Jan 16
PancakeSwap	PancakeSwap Prediction Launches on Arbitrum using Chain Link Data Streams and Automation	Jan 16
Binance	Introducing Our Risk-Free Mock Copy Trading Feature	Jan 17
Jupiter	Jupiter LFG Launchpad	Jan 24
KuCoin	KuCoin Launches Educational Program "KuCoin Campus" on International Education Day and Partners with Future Fest for the First University Roadshow	Jan 25
Bitfinex	Bitfinex Achieves SOC 2 Type 2 Security Compliance, Setting Industry Gold Standard	Jan 30
OKX	OKX Launches 'USDC Simple Earn' Campaign, Offers Users an Additional 5% APR on USDC	Jan 30
Bitfinex	Bitfinex Securities Launches in El Salvador, Offering New Opportunities in Digital Asset Services	Jan 31

Exchange Benchmark Analysis

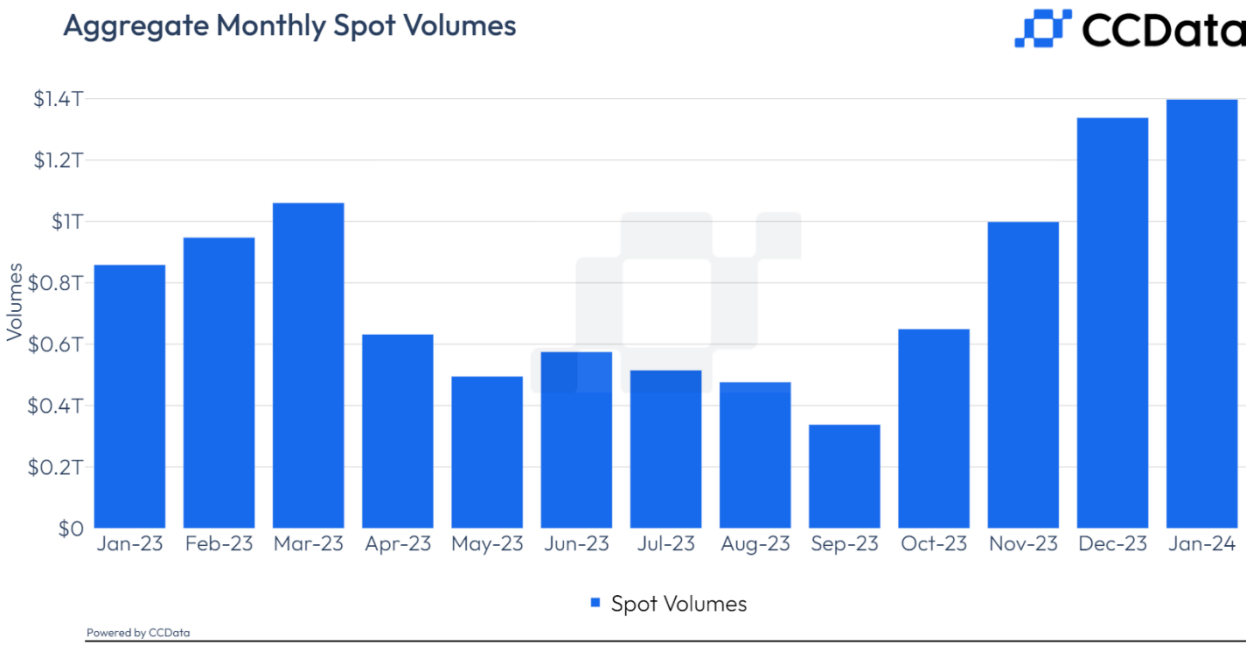
CCData's biannual Exchange Benchmark aims to serve investors, regulators and industry participants by scoring and ranking exchanges based on risk. This includes operational transparency, security, operational quality, regulatory standing, data provision, management team, and the ability to monitor trades 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

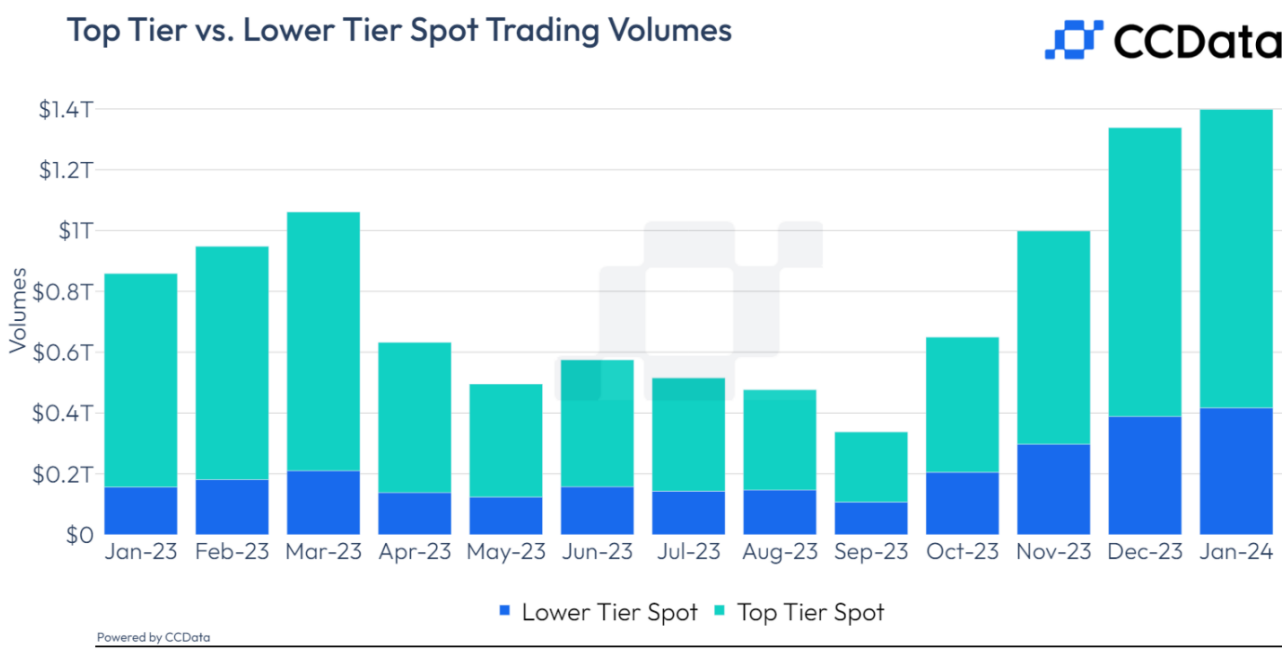
This report assesses exchange activity via the above segmentation, particularly for spot markets. We also assess the market segmentation between different exchanges and assets, derivatives, and dive deeper into CME data, one of the largest derivatives exchanges across multiple asset classes.

Spot Trading



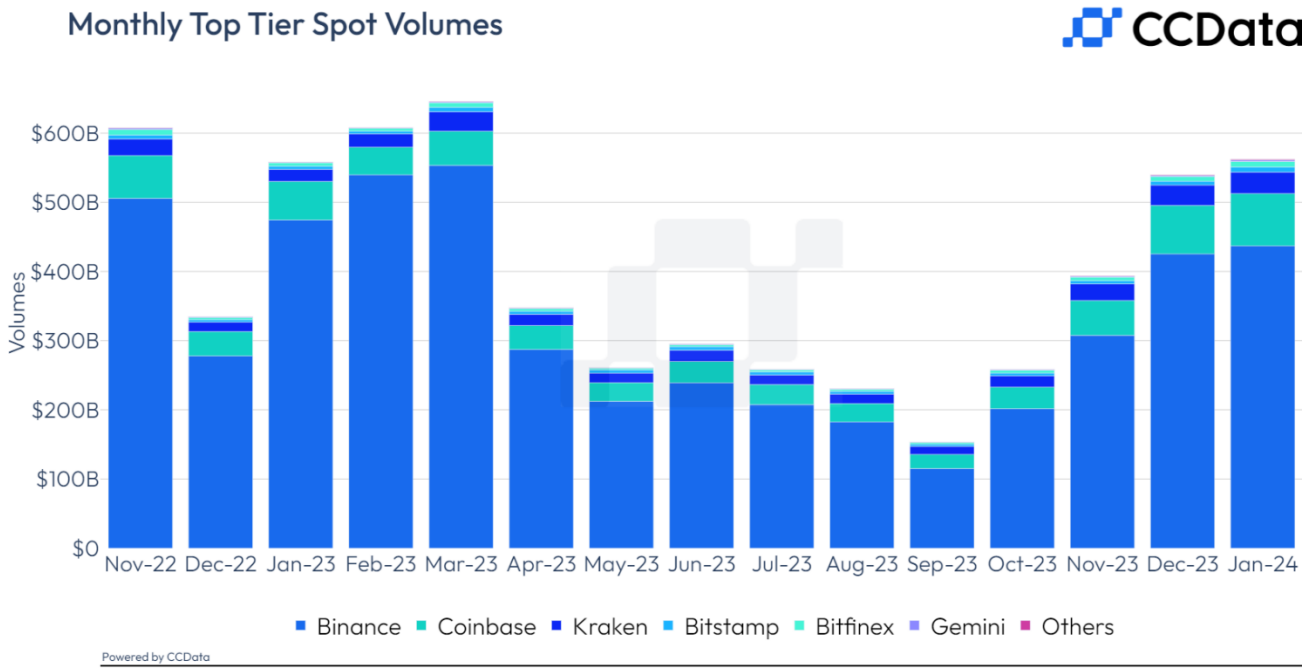
In January, total spot trading volumes rose 4.45% to $1.40tn, recording the fourth consecutive increase in monthly spot trading volumes on centralised exchanges. This was also the highest monthly spot trading recorded since June 2022.

The increase in the spot trading activity on centralised exchanges is likely a result of the much-anticipated approval of spot Bitcoin ETF in the US by the SEC on the 10th of January. The subsequent price action of digital assets suggests that the catalyst was a sell-the-news event with Bitcoin and Ethereum dropping to range lows in the weeks after.



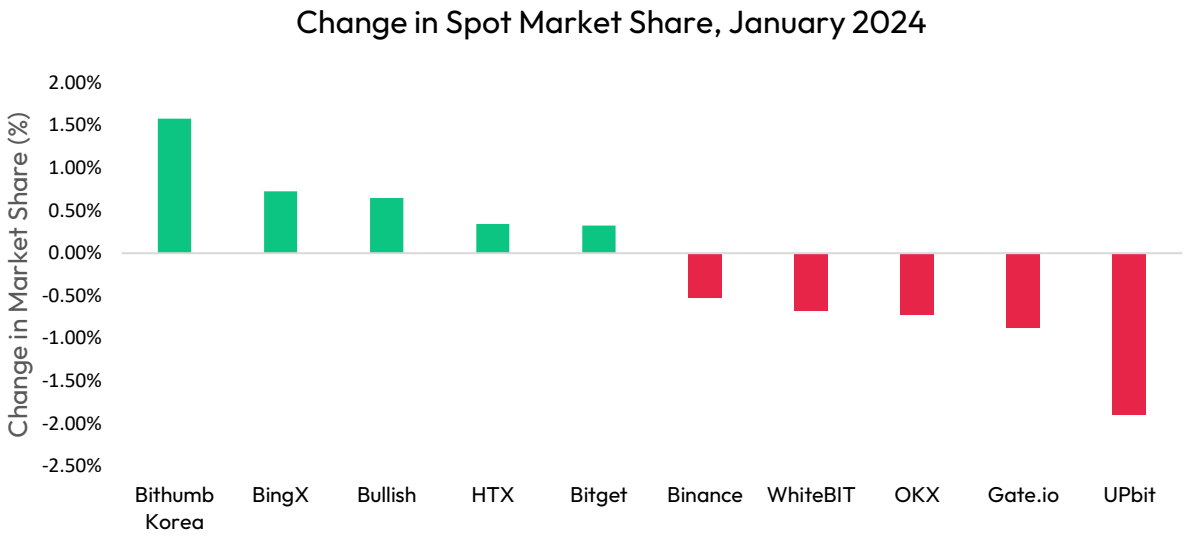
Top-Tier spot volumes rose 3.27% to $981bn, and Lower-Tier spot volumes rose 7.33% to $417bn. Top-Tier exchanges now represent 70.2% of total spot volume based on CCData's latest October 2023 Exchange Benchmark Ranking, compared to 71.0% last month. Top-Tier exchanges are selected based on our rigorous **Exchange Benchmark Methodology.**

Macro Analysis and Market Segmentation



In January, spot volume from the 14 graded AA-A exchanges rose by 4.53% compared to December, with aggregated spot volumes totalling $789bn. Binance, OKX, and Bybit were the top exchanges in terms of spot volume in November relative to other AA-A graded exchanges. Among the Top-Tier exchanges, they represented approximately 63.0% of total volume (vs 64.3% in December).

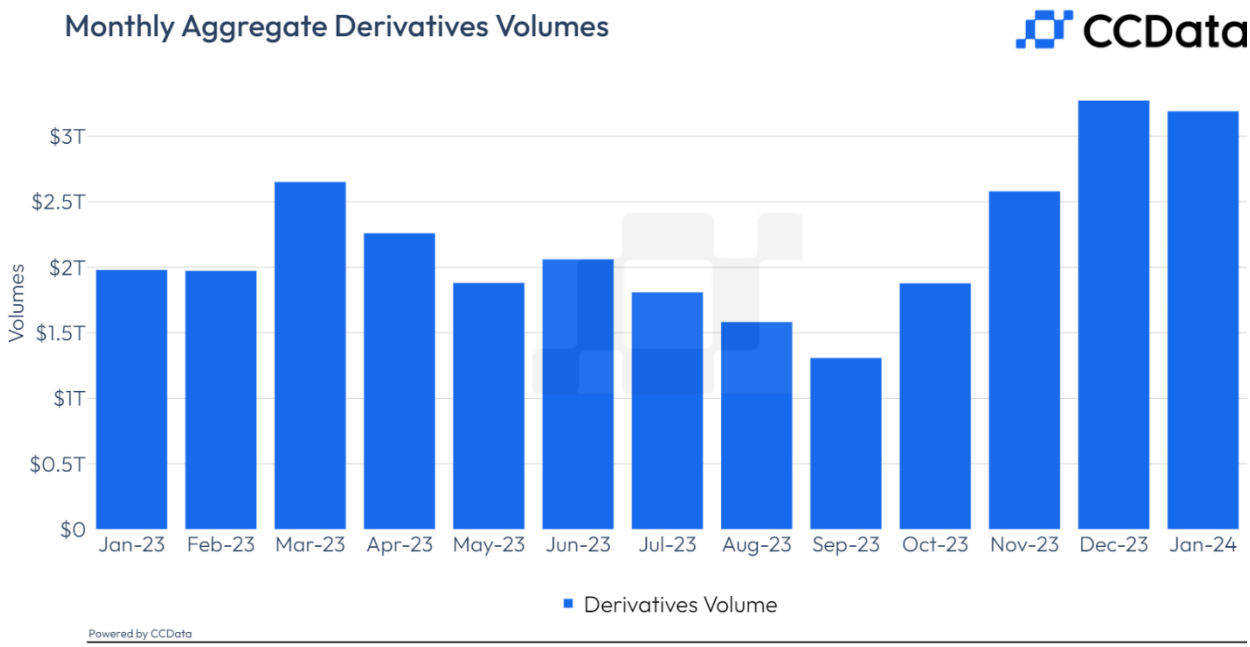
Considering individual exchanges, Binance (Grade A) was the largest Top-Tier spot exchange among AA-A graded exchanges by volume in October, trading $437bn (up 2.73%). This was followed by OKX (Grade A) trading $99.1bn (down 5.22%) and Bybit (Grade AA) trading $81.5bn (up 1.10%). Coinbase (Grade AA) and Bullish (Grade AA) followed, trading $75.7bn (up 8.10%) and $36.3bn (up 39.2%) in monthly volumes, respectively.



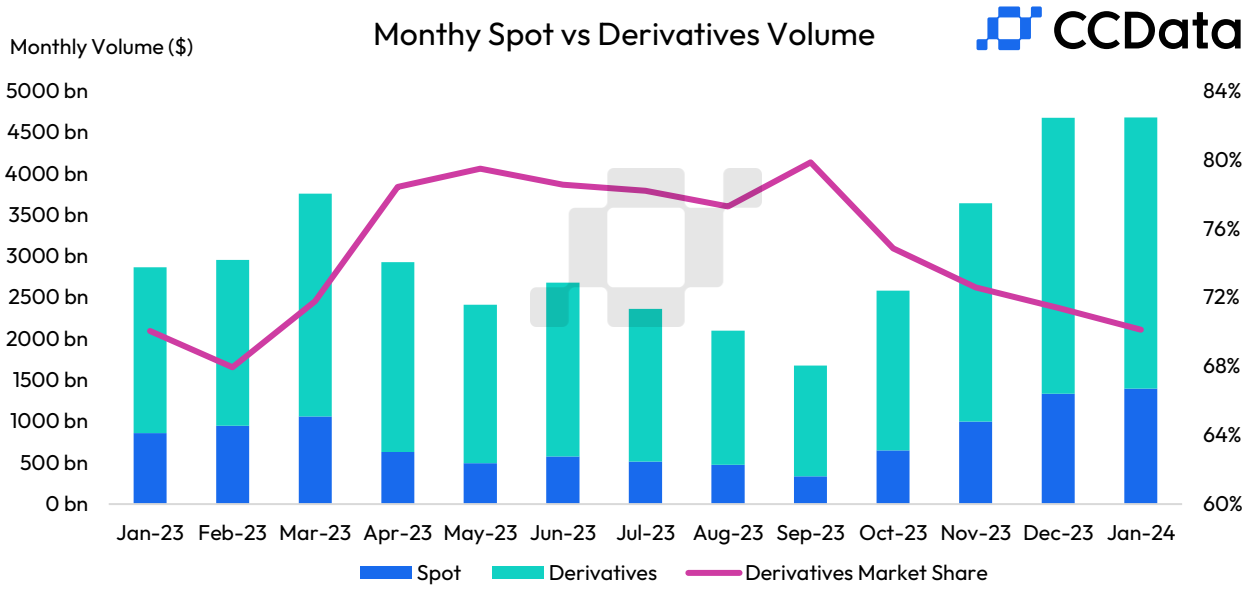
Compared to last month, Bithumb Korea made the largest gain in market share, with the exchange now accounting for 3.08% of the trading volumes on centralised exchanges. BingX and Bullish saw their market share rise by 0.73% and 0.65% to 1.17% and 2.60% respectively. HTX and Bitget also saw moderate increase in market share, rising 0.34% and 0.32% to 3.82% and 2.04% respectively.

Meanwhile, Upbit and Gate.io saw their market share decline most significantly in January, falling by 1.90% and 0.88% to 5.08% and 2.42% respectively. OKX, WhiteBit and Binance also saw their market share fall by 0.72% and 0.68% and 0.52% to 7.09%, 3.29% and 31.3% respectively.

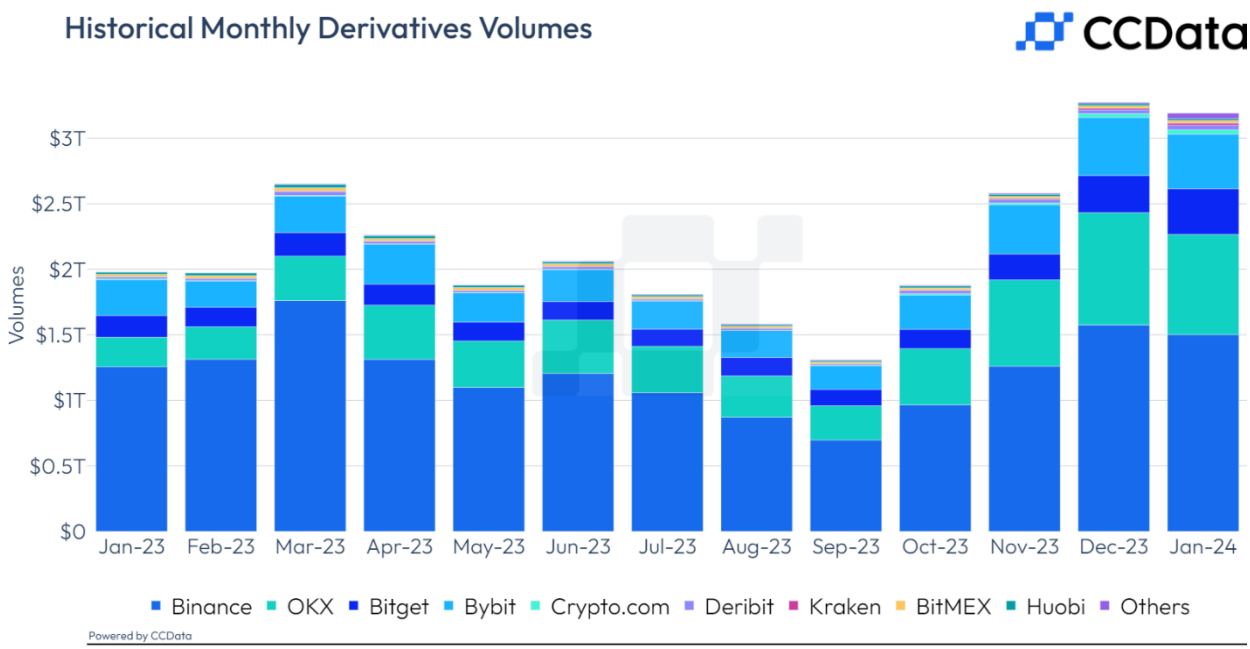
Derivatives



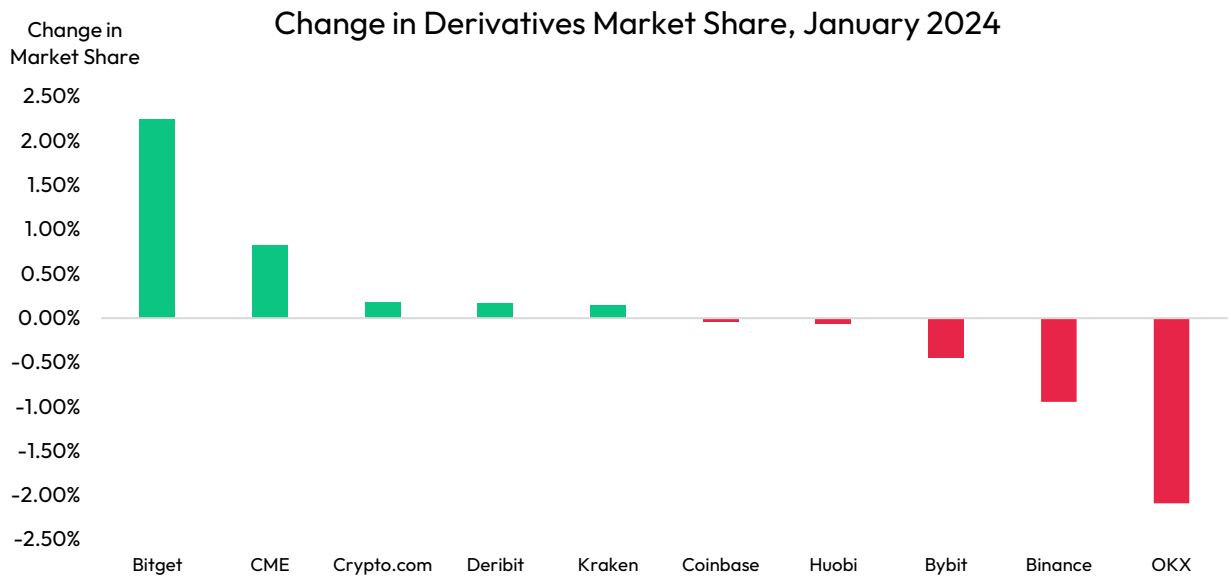
Derivatives volumes declined by 2.79% in January to $3.25tn, recording the first decline of monthly derivatives trading volume in four months.



The derivatives market now represents 69.9% of the entire crypto market (vs 71.4% in December). This is the lowest derivatives market share since February 2023, as leveraged positions wound down after the SEC approval of the spot Bitcoin ETF in the US.

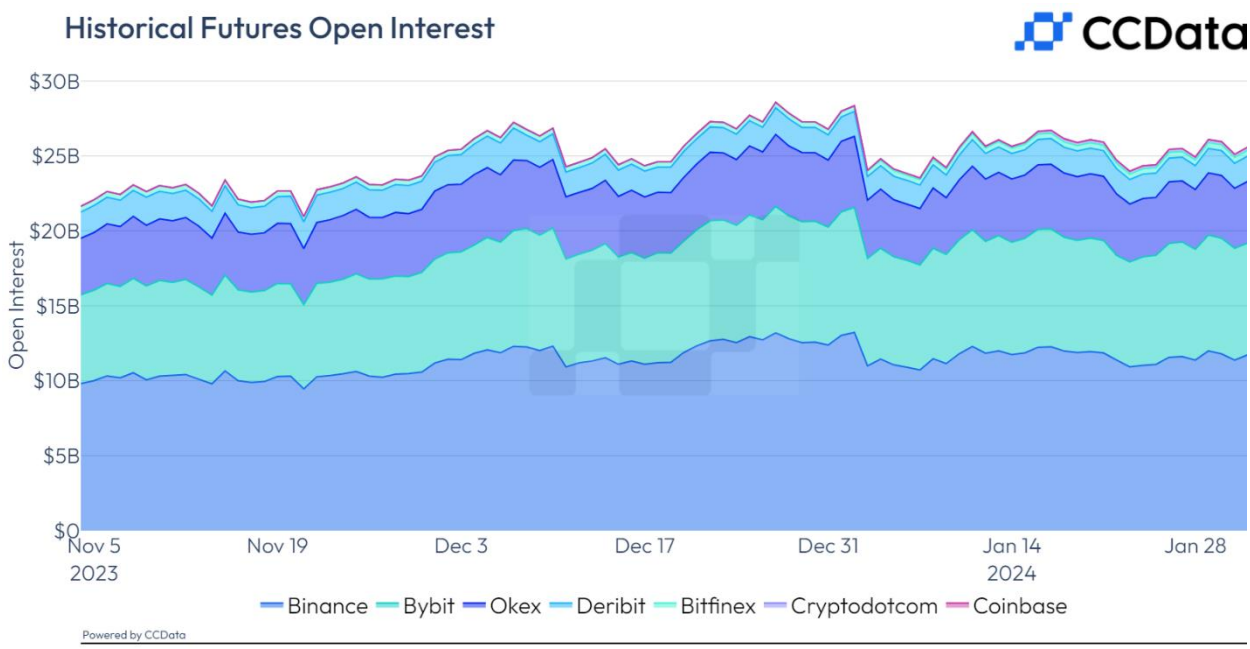


Binance was the largest derivatives exchange in January by monthly volume, trading $1.50tn (down 4.69% compared to December), followed by OKX ($765bn, down 10.8%) and Bybit ($416bn, down 6.04%). CME and Kraken were the best-performing derivatives exchanges in the last month recording an increase of 35.3% and 34.3%.

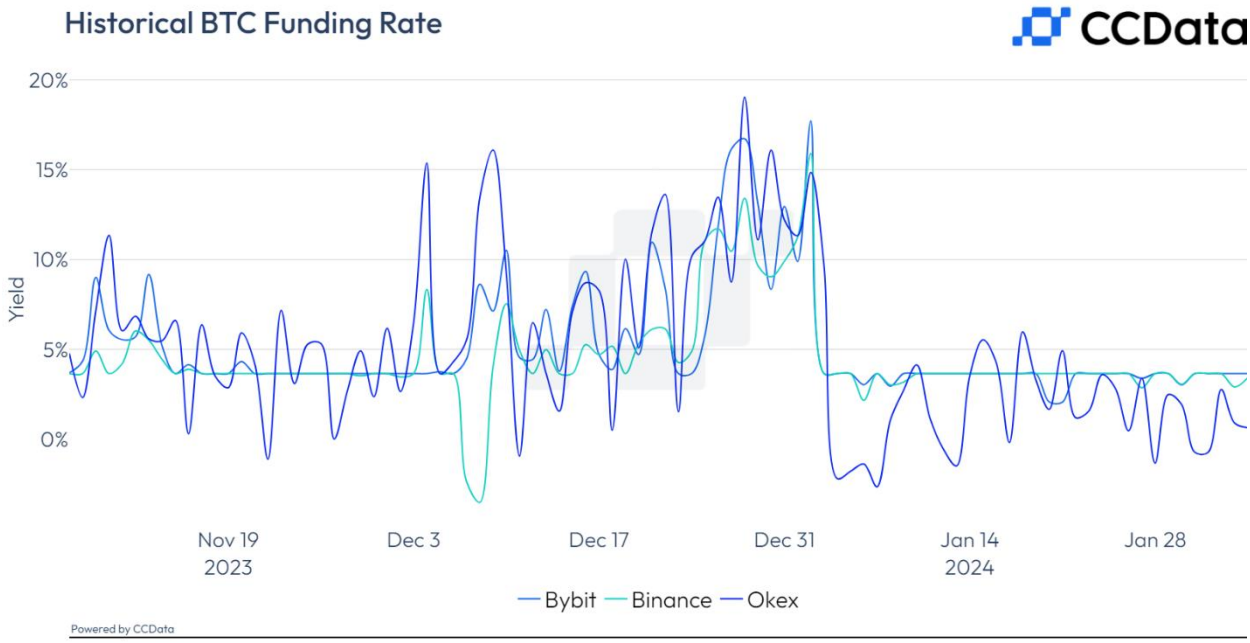


Among the top 11 derivatives exchanges, Binance leads with a market share of 46.3% of total volumes in January. This was followed by OKX with a market share of 23.5% and Bybit with a dominance of 12.8%.

Bitget and CME saw the highest increase in market share, rising by 2.25% and 0.82% to 10.7% and 2.92% respectively. This is the highest market share for Bitget in the derivatives market since October 2020. Meanwhile, OKX and Binance saw the highest decline in market share last month, falling by 2.12% and 0.92% to 23.5% and 46.3% respectively.



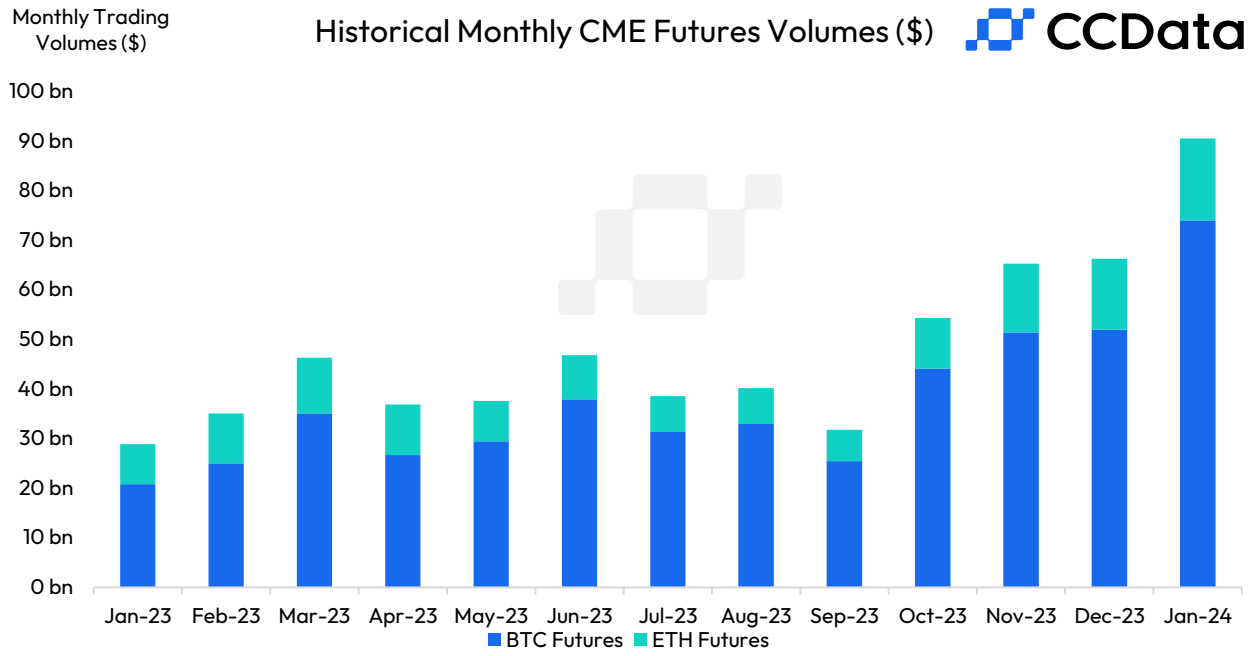
In January, the open interest on derivatives exchanges experienced a slight decline, falling 6.23% to $25.1bn. The three largest derivatives exchanges, Binance, OKX, and Bybit all saw the open interest on the exchange fall by 8.10%, 10.4% and 5.23% to $11.4bn, $4.01bn, and $7.72bn respectively.



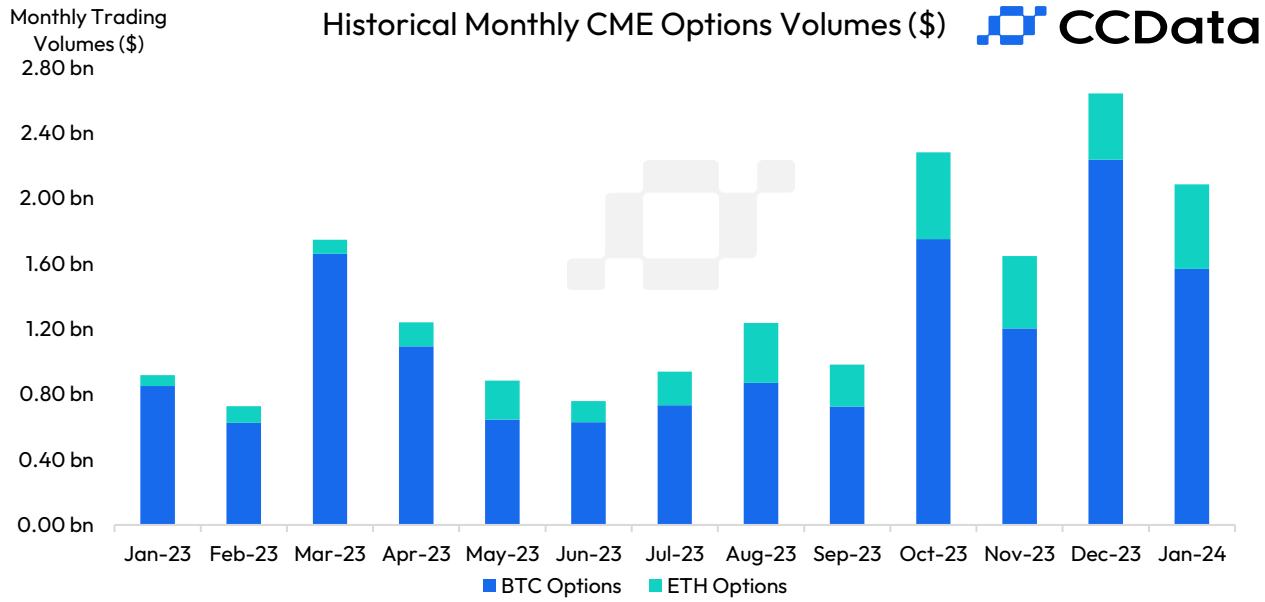
Across the three exchanges analysed, funding rates declined compared to December, as traders closed their positions after the approval of spot Bitcoin ETFs in the US. The funding rate on OKX turned negative for 10 days in the last month, hinting at the short positions of the traders following the spot Bitcoin ETF catalyst.

Looking at the average funding rate, traders on OKX and Binance were more bullish with exchanges averaging a funding rate of 4.16% and 4.13% respectively.

CME Institutional Volume



In January, the total derivatives trading volume on CME rose 35.2% to $94.9bn. The BTC futures volumes on the exchange rose by 42.4% to $74.0bn, whereas the ETH futures volume on the exchange rose 15.6% to $15.6bn.



Meanwhile, the BTC options volume traded on the exchange fell in January falling 29.9% to $1.57bn in trading volume. The rise in the futures volume and the decline in the options volume hints at the deleveraging and end of speculation for institutional investors who speculated on the spot Bitcoin ETF approval catalyst.

Conclusion: In January, the combined trading volume of spots and derivatives on centralised exchanges declined 0.72% to $4.65tn as the markets reacted to the spot Bitcoin ETF catalyst as a sell-the-news event.

Definitions

Metric	Definition
Top Tier Exchanges	Exchanges that have scored Grade BB and above in CCData's biannual Exchange Benchmark.
Lower Tier Exchanges	Exchanges that have scored Grade B and below in CCData's biannual Exchange Benchmark.
Spot Volumes	Trading volumes on crypto assets with immediate delivery.
Derivatives Volumes	Trading volumes on crypto assts via derivative contracts (futures and options).
Futures Contracts	Derivative contracts where two parties agree to exchange the underlying asset at a specified (Calendars) or unspecified (Perpetuals) date in the future.
Options Contracts	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.
Open Interest	US-dollar value of outstanding derivative contracts that have not been settled for an asset.

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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. CCData'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.
Stablecoins and CBDCs	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
Centralised Exchange Retrospective	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.
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.