A Simple Guide to Listing a Cryptocurrency

An Investor and Entrepreneur’s Guide to Strategies, Pitfalls, and Underhand Practices

*Second in a series of three articles exploring the mechanics of launching a cryptocurrency*

Before we kick off we are going to make a major assumption. The assumption being that you the reader have developed a sensible cryptocurrency project that meets a genuine *legal* need. As opposed to being only interested in making a fast buck and running off into the hills when the gig is up.

**Why is it so Important to List your Currency on an Exchange?**

One of the biggest achievements of any blockchain startup is having your coin or token listed on an exchange. Without a listing it is impossible to provide a market and thus determine a value for your coin.
Let’s say investors have purchased your token through an ICO (Initial Coin Offering similar to an IPO) but the token fails to obtain a listing on an exchange. What do you think is going to happen next? Well for starters you are going to have a supremely upset group of investors on your hands baying for your blood!

The key to any asset is to be able to determine its value and have the ability to exit your investment at that given price within a reasonable time frame. The word reasonable is relative depending on the asset. The smaller a cryptocurrency’s market cap the less liquid and the chances of an investor selling his tokens at the given market price unlikely.

If your token isn’t listed then it effectively has no third party making a market in it and hence it has limited or no value. If someone buys your token to use on your platform or DApp (decentralized app) the user will need to know what that token is worth. This is where exchanges come in.

A Little about Exchanges

At the last count there were over 390 cryptocurrency exchanges. Exchanges are crudely separated into three tiers. Top tier or large exchanges, medium and small exchanges. Drawing a comparison with the stock market will make this whole system a lot clearer.

Let us say you are considering listing your new internet startup on the stock exchange. Your choice of market will be dictated by a few factors such as, the expected market cap, revenue and user growth both historic and potential and the quality of the board. Let’s assume you are the founder of this startup which no one has ever heard of and has zero revenue. Those two
facts alone however do not deter you from trying to raise a few million dollars to help you grow your idea into that castle in the sky which you have envisioned. A listing on the New York Stock Exchange however isn’t going to be appropriate and engaging with Goldman Sachs as your advisors isn’t an option. Your startup is probably destined for the Pink Sheets (the lowest rung of the public markets).

However, if you are Airbnb, for instance, with a multi-billion-dollar valuation, a huge following, and blue-chip backers you are headed to the NYSE or NASDAQ with the assistance of top-flight advisors to manage the process. Listing your cryptocurrency is no different. A cryptocurrency project with a great idea but with a nonexistent following, an unproven team, and limited capital is likely to seek a listing on a small exchange so it can build a track record and liquidity to enable it to migrate to a larger exchange at a future date.

Liquidity is what the larger exchanges are interested in. Ideally, they want your cryptocurrency to bring along a loyal customer base who can also buy their array of products and services. Of course, it is a two-way street. Your coin will also benefit from its exposure to the exchange’s own vast customer base. If you are behind a high-profile cryptocurrency with blue-chip VCs and a large community of supporters and users then you are likely to seek a listing with one or more of the larger exchanges such as Coinbase, Binance, Bitfinex, Bittrex, Etoro, Kraken, and Changelly. If you are a startup with no
liquidity or trading volume, only a small community and an unformed reputation then exchanges such as Yobit, HotBit, IDEX, Liquid. Digital Price and STEX will be on your wish list.

**The Professionals**

The process of obtaining a listing for your currency isn’t a simple case of submitting a white paper and sitting back and counting the money. That was the old days. Now the process follows a similar process to listing your startup company on a stock exchange. That process boils down to the requirement to retain professional advisors who in the crypto field are called ICO Consultants.

The professionals will assemble a package of information on your behalf for submission to the exchange of your choosing. Obviously some behind the scenes conversation would have taken place before the application is submitted, where the chances of a successful application would have been discussed along with the important factor of fees, a subject we will cover shortly. No article on cryptocurrency is complete without a discussion on fees! The package of information will include:

1. Information about the management team of the token issuer
2. The problem that the token solves
3. The technological background and the platform where it is used
4. The utility of the token
5. Current status of the platform and the token
6. Information regarding any independent security audits on the platform

7. Legal opinion about the token and the platform as regards to the jurisdiction it is registered and operates in and the jurisdictions in which the token offering is targeted

8. The white paper

9. Information about any current or potential regulatory action

Crucial to this process is the white paper and the legal opinion. It is essential that you obtain a preliminary legal opinion regarding your project’s structure before spending money on its development. Gone are the days of ‘fire, aim’. That approach is going to land any excited project owner with IBS and a hole in their pocket when the SEC has finished with them! A few firms worth looking at are List.Help who claim to have assisted numerous projects (over 500) achieve listings, IBC Group and specialist legal advisors such as Blockchain Law Group (these are by no way a recommendation).

What are Exchanges looking for in a Cryptocurrency?

The exchanges that receive most of the headlines are of course the large ones such as Binance, Coinbase and Bitfinex. Binance has even issued a public document which sets out their requirements before they will consider listing a project. These include:

- Compliance with Anti Money Laundering and Combating the Financing of Terrorism legislation
• The core teams strategic vision to solve real world problems
• The communities abilities to organize in a way that aides the projects development
• Technological feasibility and security

CZ, Binance’s founder explained, ‘In general we like coins with a proven team, useful product and large user base.’

So that rules out the vast majority of projects that are launched every year. Many of the other larger exchanges also publish their requirements including Coinbase and Bittrex who even go as far as to set out their delisting policy. ‘A lack of interest from the community manifested in low trading volumes and lackluster communication.’ That demonstrates why as a small project you should be setting up your stall on the smaller exchanges.

Exchanges have realized that bringing strong popular assets to their exchanges is a much better business model than the old one of forcing projects to pay extortionate fees to have their projects listed. However those days have not gone away contrary to popular crypto observer belief — they have just been repackaged...

**Costs to Play**

So what is the cost of all this? Despite what the articles tell you about the system being significantly more transparent than it was a few years ago that is far from the case as we discovered in our own investigations.
Binance states that there are no fixed fees. All listing fees are negotiated individually and any listing fees go to charity.

Coinbase states there are no application fees.

In reality, things are a little different. Binance may downplay its fees but Blockstack, whose token is listed on Binance’s exchange, revealed that they paid Binance $250,000 as ‘a long term payment to keep its token listed on the Binance exchange.’ That sounds like a listing fee to us but the woolly wording avoided them donating the fee to charity along with further similar payments that ensured the currency was listed for at least three years.

Binance justified the payment by saying it was Blockstack’s idea. We are sure it wasn’t Binance’s idea to list the currency for nothing! The blockchain Expanse claimed that Binance demanded $2.6m to list its project’s token. So unless you are behind the hottest crypto project in town you have to be ready to pay Binance et al an arm and a leg to obtain access to their vast database of clients and liquidity. But who’s to say if that arm or leg isn’t a price worth paying?

Other than Binance many of the other exchanges are not shy about charging a fee to list on their exchange.

Some of the listing costs from a random selection of exchanges include:
Yobit 3 BTC

CoinExchange 4 BTC

Bitforex from 20 BTC

Coinbene from 25 BTC

Okex from $800,000

Bitrex from $500,000

(Source: List.Help)

These fees obviously exclude the costs of retaining professional advisors and legal advice.

As we mentioned above if you are on a shoestring budget a small exchange would be the way to go but you will still require legal advice and a bullet proof white paper. It can take anywhere from a few days to 60 days for your tokens to be listed from the date the application is submitted. The duration all depends on the quality of your application.

About CoinMarketCap

This is by far the leading price tracking website for crypto assets. If you want your coin to be taken seriously your token must be listed on this site. CoinMarketCap charges 0.5 BTC to list your coin. A price worth paying
although their fee paying modelling does undermine their independence somewhat.

CoinMarketCap

Marketing your Coin

The next article in our series of three looks at how you go about marketing your coin once you have achieved a listing. The listing is the easy part. The next challenge is drumming up interest in your project and your currency.

Conclusion

Exchanges have the power to decide which coins will thrive and which will die. However, the project owners are also instrumental in determining a coin’s success. The path to success with any company or cryptocurrency project is delivering on your promises.

A proven technique is to under promise and over-deliver. The problem with many cryptocurrency projects is they have made over-ambitious promises and have missed repeated deadlines either delivering late or not at all. That means the team’s credibility is shot to pieces before they even start which obviously adversely impacts the price of their token. That is why it is wise to issue and list a token only once the project is fully developed. This allows the project team to generate excitement behind both the project and the token launch. This strategy, if implemented effectively, will not only attract users to the platform but will also ensure the token enjoys robust liquidity and a strong token price which is sure to keep the exchanges happy.
Financial advice

This article does not constitute financial advice in any way. This article should be treated as supplementary information to add to your existing knowledge base.

Follow us on Twitter and Instagram @cryptoimpartial and www.cryptoquestion.tech