COOPEX

The Cooperative Exchange

COOPEX Whitepaper

Version 0.3 Beta

July 2018

Introduction

The current state of cryptocurrency exchanges in the blockchain ecosystem is improper, opaque, and one-sided at best. Furthermore, it's downright detrimental to the expansion of the cryptocurrency and blockchain industry as a whole, as new projects struggle with being listed on a reputable exchanges - regardless of their merit or userbase. A high percentage of cryptocurrency exchanges charge ludicrous and exorbitant fees to list a new token and take grudgingly long to do so, even after receiving payment. This ruins the credibility and permeability of a project as a result, while bankrupting investors at the same time.

Finally, cryptocurrency exchange users are frequently charged high fees for every action they take and transaction they make. Deposit fees, maker fees, taker fees, and withdrawal fees all go to the exchange, never to be seen by the user again.

What do exchanges do with all of the money?

After all, they certainly don't need to retain all of the millions that they make.

At **COOPEX**, we intend on solving these serious issues by rewarding loyal exchange users, allowing them to reap rewards for activity and trading, while giving them a voice in our voting and project listing processes.

Let's take a further look at our core values and mission.

Problems

Exchange Listings

Cryptocurrency exchanges often charge unaffordable listing fees and may take several months to integrate a new project, delaying their progress at this critical early part of their development. New and smaller coins are disadvantaged more than larger, established projects.

Case 1: Verify (CRED)

In November 2017, the Verify (CRED) project attempted to list their token on KuCoin.[1] Four weeks after submitting their application, the Verify team was able to make contact with a company assisting KuCoin with new listings. Their choice was to pay a 5 BTC listing fee (worth ~$100,000 at the time), or to go through a community vote against two other projects and be listed for free.

Being a relatively small ICO, it was decided to aim for the community vote. The vote didn't begin until four weeks later, and instead of competing against just two other projects as previously agreed upon, they were placed against ten other projects - including Tron (TRX) - and for only one listing spot. Verify lost, and soon after contacted KuCoin to pay the 5 BTC listing fee. After another four weeks, KuCoin finally responded, and Verify paid the fee.

Twelve weeks after their initial application, the Verify team was finally provided with their listing date. However, three weeks later, they were informed that their listing date was delayed indefinitely.

Ultimately, the Verify team was never listed on KuCoin and never received a refund.

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[1] https://medium.com/verifyas/our-kucoin-listing-nightmare-and-why-its-the-last-place-you-should-list-3af019e4e7f6

Case 2: Bitcoin Private (BTCP)

In December of 2017, the Bitcoin Private (BTCP) team announced their interest in conducting a dual fork of both Zclassic and Bitcoin to create a 'private' version of Bitcoin using the zksnarks protocol. As a result, Zclassic's price shot up immediately and the team began working on getting exchanges to confirm support of the fork.

In January 2018, the Bitcoin Private team formally applied to Bittrex to support the Bitcoin Private fork and list Bitcoin Private afterwards.[2] Although many Bittrex users opened tickets and messaged the exchange requesting support for the fork, the BTCP team did not hear back from Bittrex until two days before the fork, in which Bittrex cited concerns about 'industry-wide support.'

At the time, 93% of trading volume for Zclassic was conducted on Bittrex, and the entire Zclassic team moved on to work with Bitcoin Private, so it had been widely assumed that Bittrex would support the fork[3] - yet the exchange didn't find the project relevant enough to even respond to. Bittrex finally went public about its decision just hours before the fork was scheduled to occur - announcing that they would support the fork on the ZCL side as a result of wallet issues, but they would not open a market for BTCP.

The price of ZCL and subsequently BTCP plunged and the project hasn't recovered since.

Case 3: STRAKS (STAK)

In November 2017, the STRAKS (STAK) team applied to be listed to HitBTC. In December, HitBTC responded with a listing offer of 45 BTC (worth approximately $900,000 at the time). The STRAKS team paid promptly, but they were not actually listed until May 22nd, 2018.[4]

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[2] https://www.reddit.com/r/BitcoinPrivate/comments/886qhs/clarification_on_bittrex_prefork_process/

[3] https://news.bitcoin.com/bittrex-stance-bitcoin-private-angers-zclassic-bagholders/

[4] https://imgur.com/a/Qd9WQV0

Trading Fees

Many exchanges charge fees to their users in order to cover operational costs. Some of these fees are justified, such as withdrawal fees to pay for network costs. Other fees are arguably harder to defend, such as deposit fees - Bitfinex, for example, charges a deposit fee for deposits less than $1000 USD equivalent.[5]

Most exchanges also charge trading fees, which are commonly labelled as 'maker' and 'taker' fees. Maker fees refer to orders that add to the order book, while taker fees are for orders that immediately take from the order book.

Generally, taker fees are higher than maker fees, due to the immediate removal of liquidity from an exchange. And, as seen at BitBay, trading fees can be as high as 0.43%.[6] Users never see these fees again, nor is it normally revealed how such fees are spent - ultimately, the fees are taken by the exchange, and it's unknown how or if the accumulated funds ever benefit the end user.

While it is certainly necessary for an exchange to allocate funds to maintain itself, exchanges ought to be *reasonable* with the revenue they generate. Binance, one of the largest exchanges, recently announced $200m in quarterly revenue.[7] And, while Binance does have its own token with a buyback program, only 20% of the total fees are used in this way - meaning that Binance retains nearly $160m in trading fees every quarter, a sum far in excess of their operational costs.

Customer Support

Today, many exchanges struggle with customer support as there are simply too many users trading on large exchanges at once for exchanges to keep up with demand. For example, on

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[5] https://www.bitfinex.com/fees#deposit

[6] https://bitbay.net/en/fees

[7] https://cryptobriefing.com/raining-cash-binance/

Gemini, user verification (done via customer support) can take months,[8] while Bittrex is notorious for taking incredibly long to unlock user accounts, many of which have been locked without explanation.[9,10]

Furthermore, in January 2018, demand for exchange accounts grew to be so high that Binance closed new account registrations due to server overload and individuals began selling their own accounts for hundreds of dollars each.[11] It's clear that trading volume needs to be spread more evenly across exchanges in order to distribute the load, for both the sake of the exchange platforms and the customer support teams.

Transparency

There is a considerable lack of transparency in the cryptocurrency space regarding how exchanges operate. To outsiders, it seems as if most decisions are done in the shadows, with both exchange users and employees left in the dark.

For example, Coinbase - one of the most popular digital currency exchanges - is the target of a lawsuit alleging they tipped off several individuals about its listing of Bitcoin Cash in December. [12] Prior to Coinbase's listing, the price of Bitcoin Cash spiked dramatically.

While Coinbase asserts that they did not partake in insider trading, transparency with the exchange is certainly still an issue, and many questions about the incident remain unanswered.

As mentioned above, exchange fees are taken from users and projects in exorbitant amounts, never to be seen again in any tangible way. Exchanges ought to be more open with users about the fees they charge and how they manage and use their revenue.

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[8] https://www.reddit.com/r/BitcoinMarkets/comments/7wp3ze/gemini_verification_average_wait_time/
[9] https://www.reddit.com/r/Bitcoin/comments/7bvbsa/bittrex_disabled_locking_120000_inside/
[10] https://www.reddit.com/r/CryptoCurrency/comments/7ti5q6/bittrex_holding_my_about_100000_hostage_with_no/
[11] https://www.finder.com/users-are-selling-their-binance-accounts-due-to-temporary-registrations-pause
[12] https://www.coindesk.com/coinbase-hit-lawsuit-alleged-insider-trading/

The Cooperative Exchange

Exchange Policies

It's clear that present day cryptocurrency exchanges are insufficient and lacking in several fundamental areas. The issues described above are just a few of the many. In order to remedy the aforementioned problems, **COOPEX** has defined several core policies and values that will be implemented and strictly adhered to in its development and execution.

Cooperation

COOPEX stands for COOPerative EXchange. Cooperation with users is the driving idea and mission behind the exchange. Specifically, we are a cooperative that intends on forming a positive and friendly relationship with our traders, anchored in the idea that users should and can reap rewards through the success of the exchange.

At **COOPEX**, exchange users and investors have a say in what tokens we list and what protocol decisions we make. The success of the exchange lies, in part, with you, and thus we're here to make your experience the best we can. Have a suggestion? Shoot us an email at support@coopex.market.

Transparency

The Cooperative Exchange will be transparent with its users about all of its policies and processes. We have a zero tolerance policy for insider trading.

Fee Structure

At **COOPEX**, we understand that ludicrous fees and listing policies ruin user experience and project success. Thus, we have decided to create an exchange that gives the majority of its trading fees back to its users and investors. This program is described in more detail below (COOP Token section).

We plan to lock the maker fee to 0.20% and the taker fee to 0.25%. There will be no deposit fees, and withdrawal fees will be minimized to be only what is necessary to pay the network to process the transaction. Currently, our withdrawal fee is fixed for every currency, but we are developing a solution for dynamic fees based on respective network load.

Listing fees for ERC tokens will be zero, as long as the exchange is able to maintain solvency. Running an exchange is difficult and expensive, but we are confident that we can run and maintain the exchange using ICO funds and a small percentage of trading fees in perpetuity. If at some point we need to begin charging listing fees, we will have a user vote before we take any action. Otherwise, we do not intend on charging any listing fees for projects based on a popular blockchain platform (such as Ethereum, EOS or NEO).

For projects that have their own blockchain, we may need to charge a listing fee based on how difficult the blockchain is to configure with the exchange. Generally, setting up tokens on the same blockchain (such as ERC20 tokens) is simple because they all require a similar configuration, but installing an entirely different blockchain necessitates significantly more time and testing. For example, most blockchains have their own nodes that require configuring and their own server APIs that have to be used. In this case, the listing fee will be a function of the applicant's market cap (circulating supply * current price) and the expected time it will take to install and test the blockchain on the exchange.

Note that we will research every project before listing, and **COOPEX** reserves the right to refuse listing any project for any reason.

Customer Service

Many exchanges have poor customer service. We understand how aggravating it is for a user to wait months to have their account unlocked or a support ticket responded to. Projects, additionally, often have to wait months to get listed.

COOPEX will be as transparent as possible with projects about listings, as we have no interest to deceive or mislead projects. Post-ICO, we will hire a professional and reputable customer service team to handle any exchange issues users may encounter. We plan to use Zendesk for this.

Margin Trading

COOPEX plans to open margin and leverage trading at the end of August. We are developing a separate backend application to handle margin orders.

We will only offer margin trading on our most liquid markets to make trading easier, otherwise a leveraged order might never be filled. We will not operate on a swap contract like BitMEX; instead, margin orders will be limit orders that integrate into our order books and have real-time settlement when they are filled.

We are still determining the specifics of the margin platform, but assuming that we are able to allocate enough funding to the program, we intend to provide a leverage of up to 50x. Similar to BitMEX, we will have a liquidation price that will be set as a function of leverage - that is, the higher the leverage, the closer the liquidation price is to the mark price. We will also charge an interest rate for all loans.

Liquidity Provision

Liquidity is an incredibly important part of a market - without liquidity, traders cannot trade. Illiquid markets plague many cryptocurrency exchanges today, and we intend to help solve the problem through a market making and liquidity program.

In order to be considered for the program, projects will have to already have generated significant volume on a separate exchange or be able to justify their need for liquidity provision. In order to be approved, projects will have to sell a portion of their tokens to the exchange at market price for market making. Projects accepted into the program will enjoy increased liquidity and margin trading for their market.

COOPEX is partnering with ChainRock (chainrock.io), a global advisory and investment firm, for the market making and liquidity program. In the future, we intend to open a liquidity desk to assist other clients (exchanges, in particular) with liquidity and market making.

Coins

COOPEX is interested in catering to new and smaller projects, fresh out of ICO, that may have trouble being listed on large exchanges. We look to model IDEX in this regard, as IDEX often lists tokens directly after projects finish their ICOs.

At date of launch, **COOPEX** will support the following coins:

- Bitcoin (BTC)
- Bitcoin Cash (BCH)
- Ethereum (ETH)
- Dai (DAI)
- COOPEX token (COOP)

Our team is also in the process of contacting several other projects to list them after the **COOPEX** ICO, and we will update our users when we can confirm partnerships.

As mentioned under our "Fee Structure" section, **COOPEX** reserves the right to charge a higher listing fee to projects that are on a different blockchain (i.e. they are not ERC tokens), as listing these projects requires significantly more time and testing. We also reserve the right to refuse listing to any project for any reason.

Marketing

We believe that an exchange is only successful insofar as it is able to market and advertise itself. The biggest exchanges are the ones that pay heavily for marketing. The **COOPEX** team will use 50% of all ICO funds raised for long-term marketing.

We are confident that our ICO funding will give us a large enough marketing fund that we will never actually run out of it entirely - and if we do, we plan to use our percentage of trading fees to supplement the marketing budget.

Finally, being a cooperative exchange, we also expect our users to market the exchange. After all, 75% of exchange revenue is given back to its users via the COOP token, described below.

COOP Token

The Cooperative Exchange Token (COOP) is the native **COOPEX** platform token. Every month, 75% of **COOPEX** trading fees will be collected and used to buy back the COOP token and burn it. The token will be bought on the actual **COOPEX** market at market price and we will not perform any OTC trades.

This token buyback program will increase the COOP token price and decrease the supply, incentivizing exchange users to buy and hold the token.

Decentralization

The **COOPEX** project is committed to decentralization, as we understand the security concerns associated with running a centralized exchange. We are taking as many steps as possible to ensure exchange security, however, sometimes even that isn't enough.

Thus, in the future we plan on decentralizing the Ethereum and ERC20 portion of the exchange, similar to the IDEX smart contract, and the COOP token will be used as a base asset and for gas (fees).

ICO

COOPEX is running an ICO for purchase of our COOP token. There will be an open pre-ICO with a 50% discount from June 15th to July 1st and the full ICO will be from July 3rd to August 3rd. There will be a maximum total supply of 12 million COOP tokens. One million tokens will be sold during the pre-ICO at an equivalent price of $0.05.

Ten million tokens will be sold during the ICO at an equivalent price of $0.10. One million tokens will be kept by the exchange for development, and another one million tokens will be kept by the exchange for marketing (bounties and referrals, primarily). The development tokens will be locked for approximately six months. The marketing tokens will be available immediately, although we will spend them at a very slow pace.

The **COOPEX** ICO will raise a maximum of **$950,000** (this is the hard cap). Many ICOs nowadays have hard caps that reach into tens of millions of dollars. $950,000 is the maximum we need to pay for development and market the exchange well for an indefinite period of time. Rest assured that if we hit the hard cap, **COOPEX** will likely be able to operate without any listing fees for a very long time.

The soft cap is **$500,000** - this is likely the minimum we need to develop and maintain the exchange while still being able to market effectively. If the soft cap is not reached by August 3rd, we will extend the ICO for one week, and if the hard cap is reached, the ICO will end immediately. Any tokens left unsold by the end of the ICO (outside of the exchange allocation) will be **burnt**. We have no interest in keeping any extra tokens or defrauding our investors.

Provided we reach our soft cap, 50% of all ICO funds will be allocated towards marketing, with the other 50% for development. We are already partnering with an ICO marketing group that has access to hundreds of YouTube followers, thousands of emails, and many Telegram and

Discord groups as well. They will be heading our marketing during and after the ICO. We will also contact other marketing firms to consider our options and expand our reach.

Here at **COOPEX**, we know how important it is for an exchange to market itself well, and we are prepared to spend the funds necessary to be seen and heard.

If we don't reach our soft cap, we will have to rethink our funding allocation and place greater emphasis on development. For example, if we only raise $400,000, we will allocate $250,000 for development and $150,000 on marketing.

Some of the marketing budget may also be used to list the COOP token on other larger exchanges, however, considering the waiting time large exchanges can take to list tokens, we feel that it is a better use of our funding to market our own exchange instead (which, in turn, directly benefits the COOP token via the buyback program).

Note that, should we reach our intended hard cap, it is likely that we will increase the percentage allocated for the COOP token buyback program.
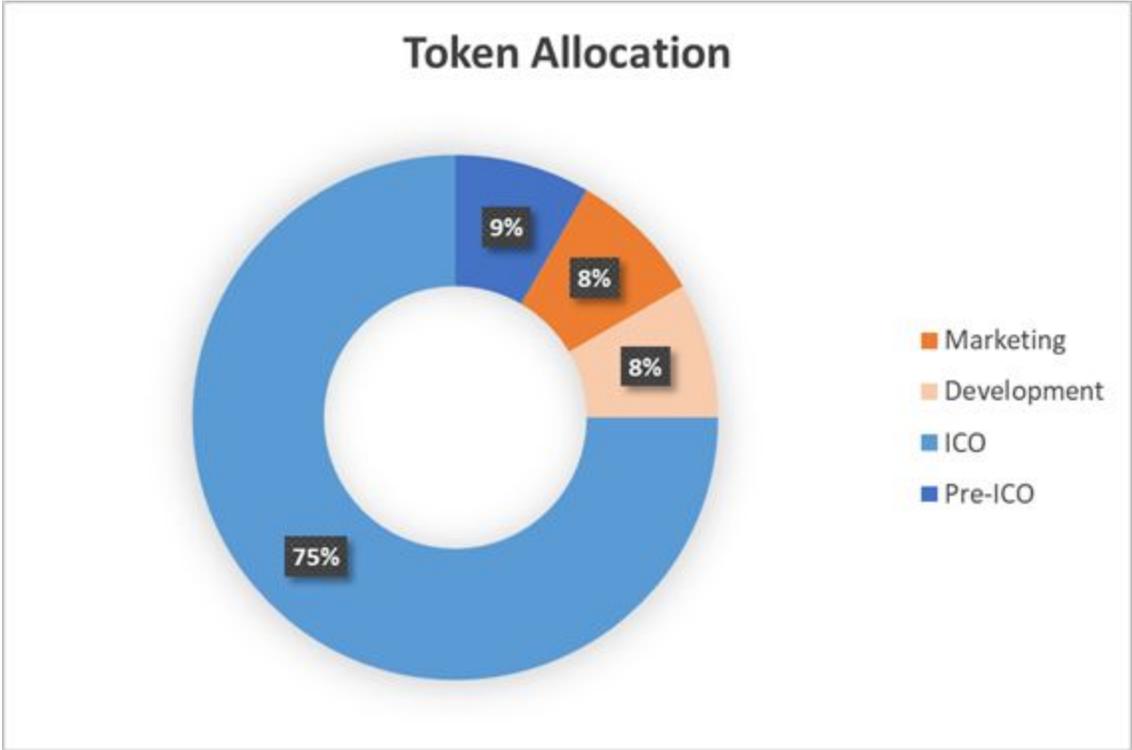
Revenue Model

Our revenue model is simple: Once a month, **COOPEX** will collect 25% of all trading fees, and use those funds to supplement the ICO fund that will enable the team to maintain, develop, and market the exchange, perpetually. The other 75% of trading fees will be allocated to our monthly token buyback program.

If we are able to reach our $950,000 ICO hard cap, we may significantly increase the percentage of trading fees allocated to the buyback program for a period of time. The team will make an announcement if we decide to do this. We do not plan to ever charge listing fees, except in special cases that require complex or difficult-to-configure blockchains.

Please understand that the intention of **COOPEX** is not to create an unjust and inequitable profit scenario for the founders or the team. First and foremost, our intention is to create a positive and transparent relationship between the exchange and its traders, and secondly, to create a profitable environment for investors and members of the Cooperative Exchange.

Roadmap

COOPEX founded

April 2018

The idea for the Cooperative Exchange is created and a team is assembled.

Backend development completes

End of May 2018

Development for the backend of the exchange completes. The exchange is in a closed alpha mode.

Pre-ICO begins

June 18, 2018

The front end is completed, the Whitepaper is written, and COOPEX opens in beta mode. A pre-ICO for the COOP token begins.

Pre-ICO ends

July 1, 2018

The pre-ICO ends and preparation for the full ICO begins.

ICO begins

July 3, 2018

The full ICO begins with several currency pairs. Some active markets may also open during this period. The exchange is still in its 'beta' version. Marketing campaign begins.

Complete COOPEX API Development

End of July 2018

The COOPEX API will allow other developers to build tools on top of our exchange. The API is currently under development and we expect to finish by the end of July.

ICO ends, COOPEX officially opens

On or before August 3, 2018

The ICO will be completed either on this date or when 9,000,000 COOP tokens are sold. At this time or soon after, the exchange will officially open in 'production' mode, with bug fixes. Marketing campaign is ongoing.

Front-end UI improvements

August 2018

The exchange UI will be updated to feel more modern and responsive. We intend to introduce an easy-to-use yet intuitive trading UI. The first token buyback will also occur during this period.

Introduce market-making solutions

August 2018

We aim to partner with a market-maker and liquidity provider for our customers. We understand how important liquidity is in a market and we plan to use ICO funds to provide these services free of charge.

Introduce margin trading

End of August 2018

We are currently working on a margin trading solution for COOPEX and we are planning to finish by the end of August 2018. Our margin trading platform will feature shorting and longing on a selection of our markets. Leverage trading will be available as well.

COOPDEX Development Completes

September 2018

Development for COOPDEX, the Cooperative Decentralized Exchange, will begin in late June 2018 and we aim to complete it by September 2018. This will take time as we will be rebuilding a large portion of the exchange.

Open OTC trading and liquidity desk

Q4 2018

We aim to provide liquidity solutions for other exchanges via market-making, as well as an OTC desk for institutional customers.

Please note that COOPEX reserves the right to make updates to this roadmap as necessary. This roadmap is just a plan, and may change in the future.

Team

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Founder and CEO

[Linkedin](#)

Alan Orwick

CTO

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Nemanja Lazic

Front-end Developer (Trading UI)

Moch 'Uzi' Lutfi

Front-end and Back-end Developer

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Antony Gallagher

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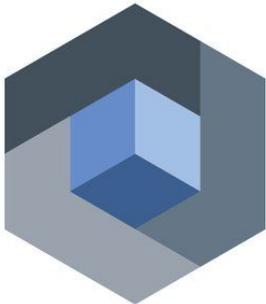

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Marketing Advisor

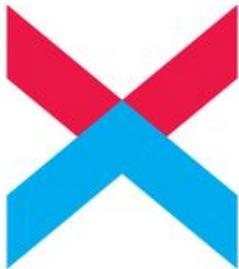(no Linkedin)

Partnerships

[Blackstone LaunchPad](#)

[Texas Blockchain Foundation](#)

[ChainRock](#)

[Nix Solutions](#)

Interested in joining the **COOPEX** team? We are looking to hire developers and marketing specialists. Shoot us an email at support@coopex.market!