

Coiniran Exchange Benchmark Report

A qualitative ranking for Iran-based cryptocurrency Exchanges

Coiniran Research

Rd@coiniran.com

Table of Contents

Missions of the research

Major changes from our latest report

The Methodology of the research

Results

Appendix

Missions of the research

Missions

The Coiniran Exchange Benchmark was published for the first time in the fall of 2020. The purpose of this ranking was to increase transparency and improve the performance of Iran-based Cryptocurrency Exchanges. The unparalleled response of users and Exchanges to this ranking indicates that we have achieved some of our primary goals. In the latest update of this ranking, we developed our first methodology and evaluated 24 Iranian Exchanges.

In this ranking, a creative methodology has been developed in which Iranian Exchanges have been studied subject to eight different perspectives. With a combination of 80 qualitative and quantitative metrics, a quantitative score and a qualitative mark were considered for each Exchange. We believe that this ranking is a good criterion for identifying Exchanges with lower risks in Iran.

What is Coiniran Benchmark?

This ranking gives each Exchange a quantitative score and a quality mark. Low -risk Exchanges are those that have a score of 70 or higher. Consequently, using them will be less risky.

Exchanges with a score above 60 are considered medium-risk exchanges and, those with a score below 50 are considered high-risk exchanges.

What Coiniran Benchmark is not?

This ranking does not indicate the permanent and inherent superiority of one Exchange over other Exchanges. It also does not introduce a suitable place for investment and user exchanges. The purpose of this study is to increase transparency and improve the performance of Iranian Cryptocurrency Exchanges.

Market volume is misleading

We believe that the evaluation of a Cryptocurrency Exchange should not be only based on its market volume, but should be based on the quality of services and transparency of information in it. Volume and liquidity can be easily manipulated.

Exchanges can easily increase the volume on their platforms by using incentive mechanisms such as trading competitions and airdrops. Therefore, in order to better analyze the quality of an Exchange, a set of different metrics must be considered.

That is why our ranking has seven main metrics and two sub-metrics and tries to evaluate the quality of Iran-based Cryptocurrency Exchanges from different perspectives. By using the aggregate score of each collection, this ranking divides Iranian Exchanges into three categories: low-risk Exchanges, medium-risk Exchanges, and high-risk Exchanges.

Who is the target for this Research

- **Exchanges** according to this competitive Report, can improve their services and be informed about users' preferences and market trends.
- **Investors** by studying this research, can consider the investment risk in any Exchange.
- **Investors** who want to set up a cryptocurrency Exchange and need advices.
- **Service providers** such as insurance companies, law firms and Wallet providers that want to have a better understanding of the quality of Exchanges.
- **Governments** who want to legislate for this new field or to be better aware of the quality of these Exchanges.
- **Users** which are the primary and final goal of this research and can refer to this ranking to be aware of the quality of their favorite Exchange and identify a suitable place for their risk appetites.

Major Changes From The Fall Ranking

Key changes to our Ranking Methodology

- The impact factor of our main metrics has changed.
- “Investment” and “Trade Surveillance” metrics are combined and studied in one metric.
- In the “security” metric a parameter is added to the effective parameters.
- The “Market Quality” has developed.
- The number of Exchanges under review has increased by 500%.
- The correlation between the ranking of Exchanges and the Market Quality metric has been studied.
- The results of the statistical study of the market of eight exchanges are presented in the appendix of this research.
- Data collection methods were updated and information was extracted in a codified and mechanized manner.

Noticeable Results

- Low-risk Exchanges: **Exir**, **Nobitex** and **Ramzinex**
- Low-risk exchanges account for 64% of the daily volume of the total market.
- The number of low-risk Exchanges has increased compared to the previous period.
- The number of hacker attacks has decreased and the security of Exchange has increased. Fifty percent of the Exchange has a good security situation.
- Transparency of information provided by Exchanges has increased. Nearly 25 percent of the Exchanges provided their API documentation to the research team.
- KYC and user identity standards are carried out at a high level by Exchanges. Authentication is required for 100% of Exchange registrations.
- Exchange complies with more legal considerations, but only zeros percent of Exchange are legally registered as a financial institution.

Exchange Ranking – Top 8

رتبه	درجه	صرافی	امتیاز	قانونمداری	امنیت	کیفیت بازار	پشتوانه و نظارت	کیفیت تیم اجرایی	تجربه کاربری	سیستمهای تشویقی
۱	B+	 EXIR اکسیر	۶۹.۶۹۷۵	۴۹.۶	۶۹	۶۴.۴	۲.۵	۸۹	۷۷.۶۵	۷.۸
۲	B+	 Nobitex نوبیتکس	۶۶.۹۶۱۳	۴۵.۶	۶۸	۷۱.۸۲۵	۱.۲۵	۷۹	۷۸.۰۷۵	۷.۵۵
۳	B+	 Ramzindex رمزینکس	۶۴.۳۶۰۷	۴۵.۶	۶۶	۶۷.۸۱	N/A	۷۷	۷۸.۲۲۵	۴.۳۲
۴	B	 Wallex والکس	۵۹.۰۱۳	۳۹.۶	۶۳	۶۷.۸۴	۱.۲۵	۵۳	۷۴.۲	۳.۹۲
۵	B	 Jibitex جیبیتکس	۵۷.۴۹۴۵	۴۳.۶	۵۶	۶۵.۲۳۵	N/A	۳۷	۷۴.۰۵	۴.۷۵
۵	B	 Exnovin ایکس نوین	۵۴.۶۹۲۵	۴۵.۶	۶۴	۵۵.۰۷۵	۱.۲۵	۴۳	۷۳.۷۵	۴.۷۴
۶	B	 Arzpaya ارزپایا	۵۷.۴۶۷۵	۴۰.۶	۵۶	۵۴.۵۷۵	N/A	۷۵	۷۱.۳۵	۶.۳
۸	B	 ok-Ex اوکی اکس	۵۳.۹۷۷۵	۴۲.۶	۵۵	۵۱.۶۵	۱.۲۵	۵۵	۶۹.۳۵	۴.۸۲

Ranking Methodology Overview

Methodology Overview - Objectives

Scope and objectives

We have combined 68 qualitative and quantitative parameters to study 24 cryptocurrency Exchanges operating in the Iranian market. Each metric is turned into a series of numbers based on specific critical points, and specific intervals are developed to classify them. The impact factor intended for these parameters is such that it does not specify an exchange rating index and, fair scoring is done.

Scoring system

A scoring system has been considered for this research in order to be able to assign a quality standard from A to E according to the points obtained to the Exchanges.

Market quality

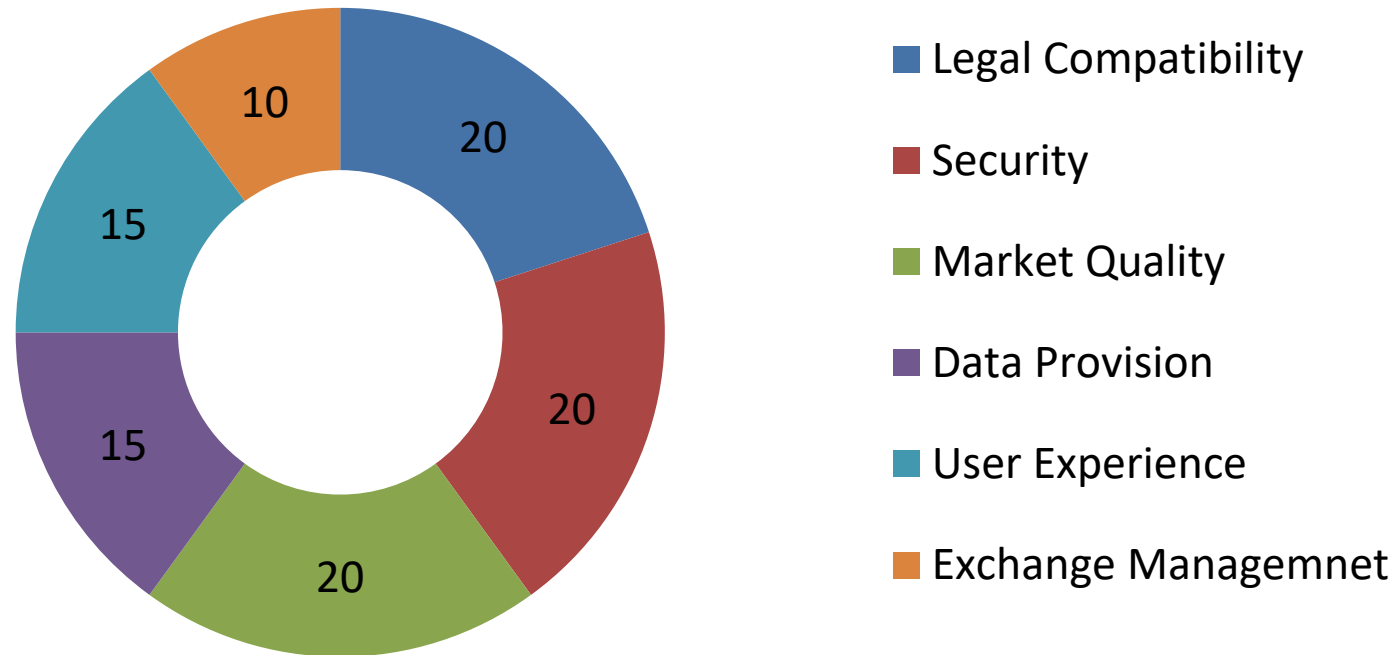
We evaluated the Market quality of Exchanges by considering five independent parameters. The information we need in this section is extracted from the order book and trade Endpoint list of Exchanges.

Our goal was to evaluate the liquidity, depth, natural behaviors and stability of the markets of Exchanges.

In this section, three markets with the highest amount of liquidity namely, BTC, ETH and USDT markets, have been studied. The points in this section have been awarded to Exchanges in a comparative manner. Finally, we have obtained a score for the market quality of each Exchange, which we believe is a good amount to compare the overall market quality in Iranian cryptocurrency Exchanges

Methodology Overview – Main Metrics

The final ranking consists of the following components with the indicated impact factors.



Methodology Overview – Extra metrics

In our ranking system, there are two metrics with the titles (Support and Monitoring) and (Negative reports), the first of which is considered as an incentive point and the second as a punitive point.

The “Support and Monitoring” metric evaluates the quality level of investment companies in each Exchange and also examines the quality of Exchange monitoring tools on user exchanges. This index adds up to five points to desirable Exchanges.

The metric of Negative Reports is based on the reports received by the Research team as well as users' complaints against Iranian Cryptocurrency Exchanges. This index gives up to 5 negative points to Exchanges that deserve it.

Methodology Overview – Sub metrics (1)

Legal Compatibility



- Legal Name
- Country Risk
- Exchange Regulation
- Registered as MSB
- KYC/AML
- Member of industry group
- Insurance against losses
- On-chain monitoring
- Chief Compliance Officer

Security



- Formal Security Certification
- SSL Rating
- Cold Wallet Storage
- Cold Wallet Storage Ratio
- HD Wallet
- Geographical Key Distribution
- 2FA
- Custody Providers
- Hacks

Market Quality



- Diversity
- Stability
- Spread
- Liquidity
- Natural behavior

Methodology Overview – Sub metrics (2)

Data Provision



- API Average Response Time
- Ability to query Historical Trades
- Historical Candlestick Data
- Granularity of Candlestick Data
- Websocket Connection
- Order Book API Endpoint
- Maximum Order Book Level Offered
- API Rate Limits
- FIX Connection

User Experience



- User friendly
- Visual appealing
- Social Media quality
- Compatibility
- Technical support
- Withdrawal limitation
- Application

Executive Management



- Identity of Exchange Team
- LinkedIn
- Education
- Profession
- Age

Methodology Overview – Sub metrics (3)

Incentive Mechanism



- Trading Competitions
- Airdrops
- Transaction-Fee Mining
- Zero Transaction Fees
- Margin Trading

Negative Reports



- Direct Reports
- Reports in social Media
- Polls

Support and Monitoring



- Internal trade monitoring tools
- External trade monitoring tools
- Big financial Investors
- Small financial Investors

Methodology Overview – Data Collection



Methodology Overview – Grading

Threshold	Grade
Above 80	A plus
70 - 80	A
60 - 70	B plus
50 - 60	B
40 - 50	C
30 - 40	D
Below 30	E

Results

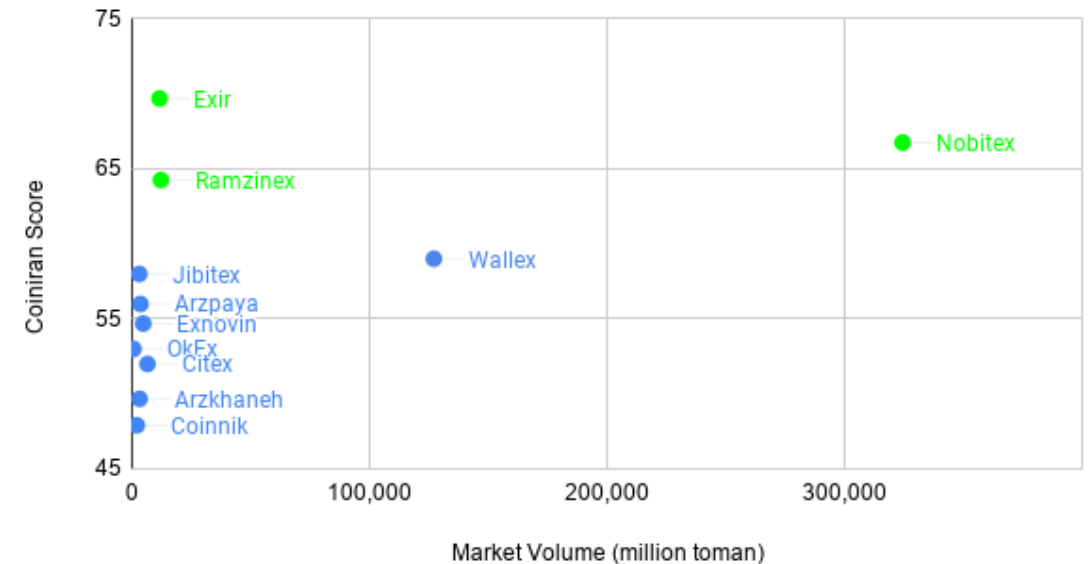
Aggregate Score and Market Volume

In general, there is an exponential relationship between the Coiniran ranking and the daily volume of the Exchanges. In this sense, it can be expected that Exchanges with higher volumes have higher quality and thus a better score.

Although a permanent relationship cannot be considered, more market volume does not necessarily mean higher quality of an exchange.

Note: A clear need to consider other metrics in addition to the market volume of Exchanges can also be deduced from the graph.

Coiniran Score vs. Market Volume (million toman)



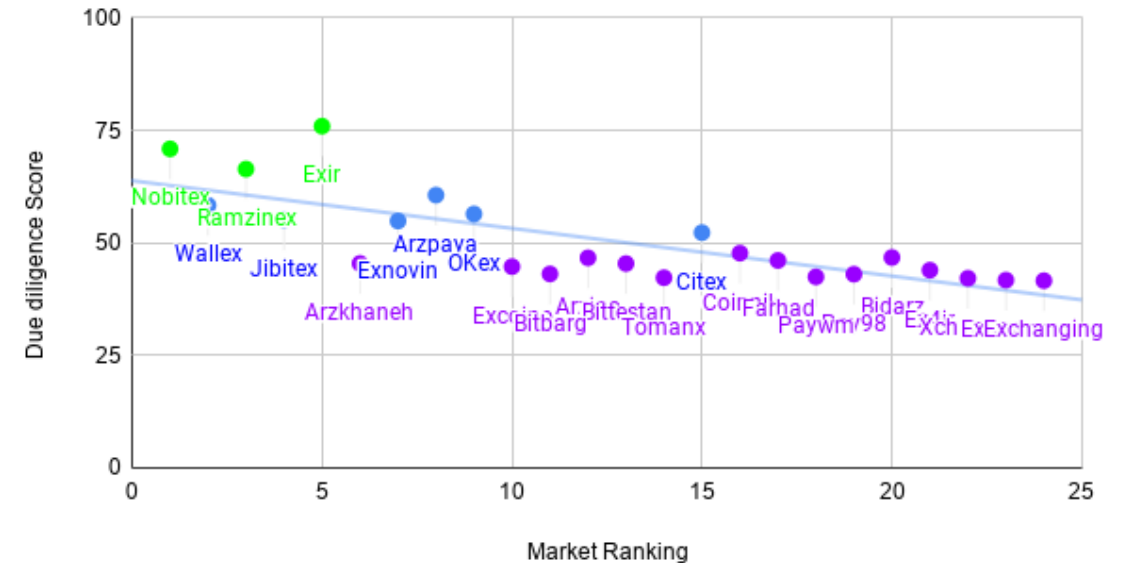
Market quality and Due diligence Score

This ranking shows a positive correlation between the market ranking of Exchanges and their due diligence score.

Although it is not possible to consider a permanent relationship, it is possible to estimate the market ranking of Exchanges from their due diligence scores.

Note: Due diligence score is obtained from the aggregate score of Exchange from all parameters minus the market quality metric!

Due diligence vs. Market quality Ranking



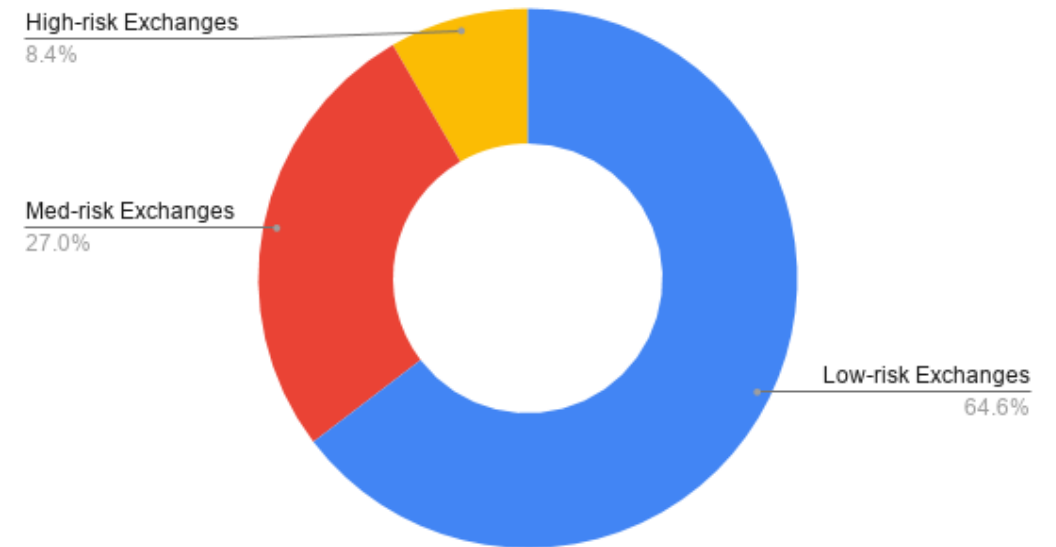
Exchange share of the daily market volume

The results of our study show that low-risk Exchanges have a larger share of the daily market in Iran. The three exchanges of Exir, Nobitex and Ramzinex, according to the figure, occupy more than 64% of the market volume.

Medium-risk Exchanges also account for 27% of the market.

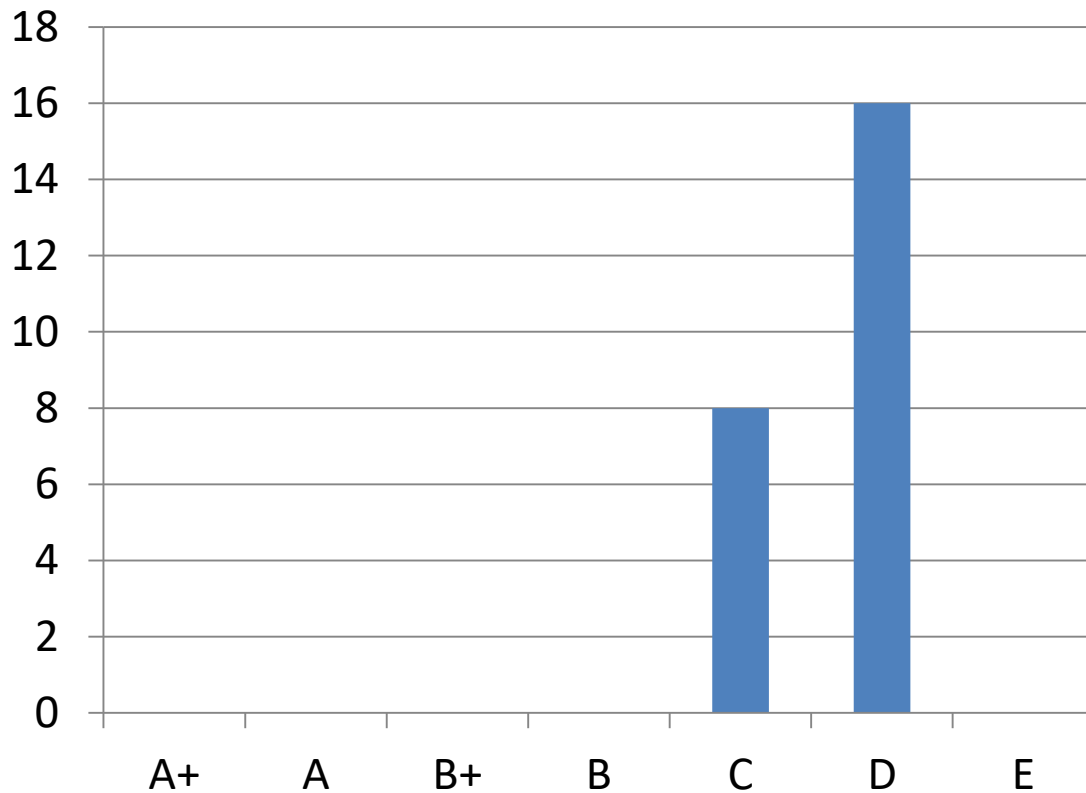
Note: There is still a significant volume (about 8.4%) of cryptocurrency exchanges in high risk exchanges!

Market daily Volume (million toman)



Results – Legal compatibility

Qualitative distribution of Exchanges



%29

Exchanges use trade monitoring tools

%100

Exchanges use KYC standards

%0

Exchanges have insurance against losses

%37

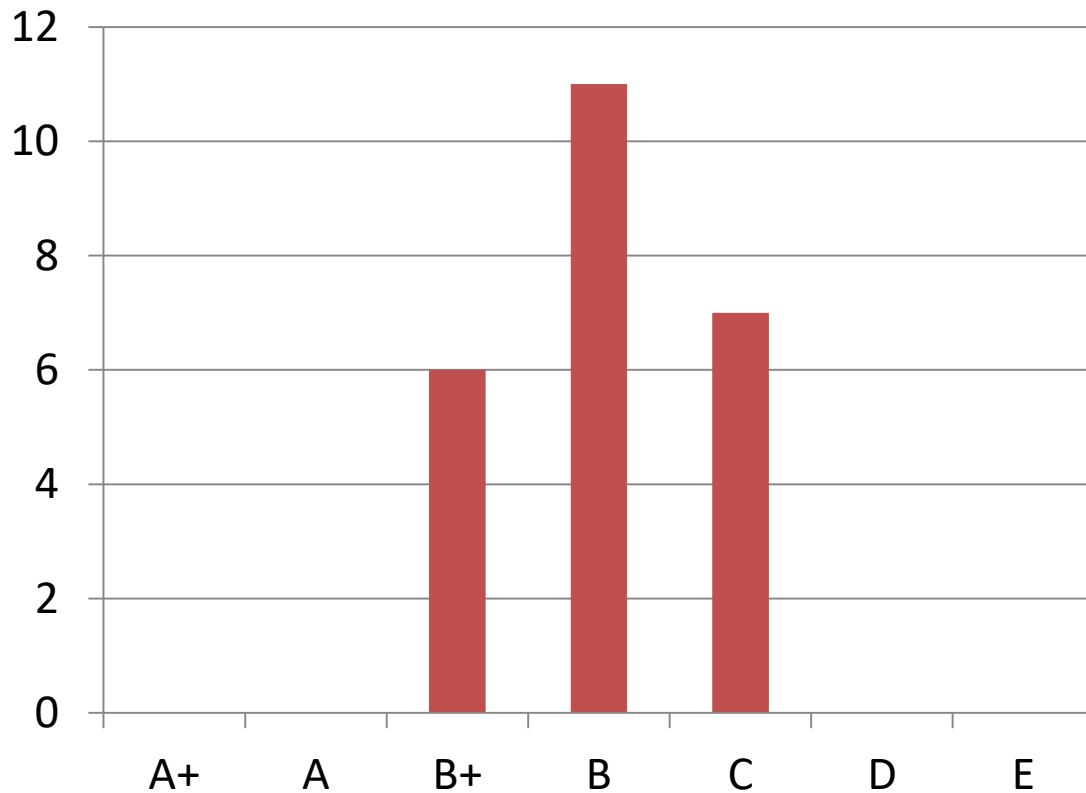
Exchanges have legal advisors

Results – Legal compatibility - Ranking

Ranking	Exchange	Score	grade
1	Exir	49.6	C
2	Citex	47.6	C
3	Ramzinex	45.6	C
4	Nobitex	45.6	C
5	Exnovin	45.6	C
6	Jibitex	43.6	C
7	Ok-Ex	42.6	C
8	Arzpay	40.6	C

Results- Security of Exchanges

Qualitative distribution of Exchanges



%25

Exchanges use cold
wallet storage

%70

Exchanges use 2FA
verification

%0

Exchanges have
international security
certificates

%29

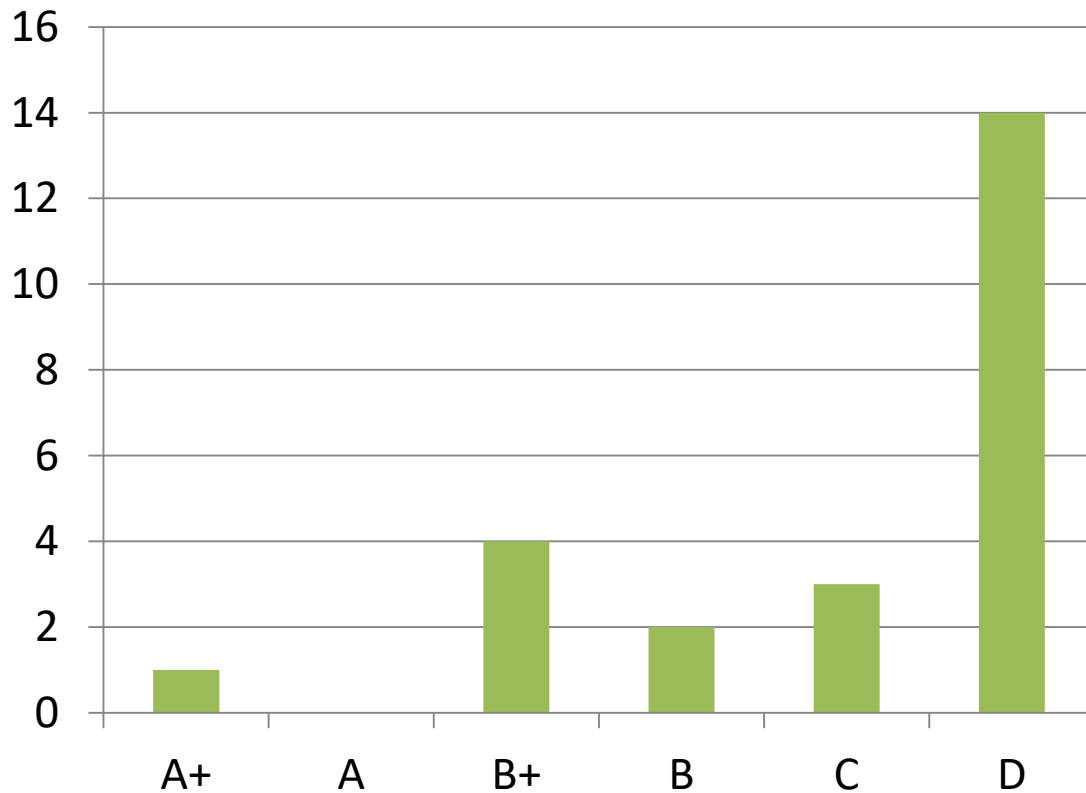
Exchanges use HD
wallets

Results- Security of Exchanges - Ranking

Ranking	Exchange	Score	Grade
1	Exir	69	B+
2	Nobitex	68	B+
3	Ramzinex	66	B+
4	Exnovin	64	B+
5	Wallex	63	B+
6	Citex	62	B+
7	Jibitex	56	B
8	Arzpay	56	B

Results – Data provision

Qualitative distribution of Exchanges



%29

Exchanges provide ability to query historical trades

%25

Exchanges provide API documentation

%0

Exchanges provide FIX connection

%16

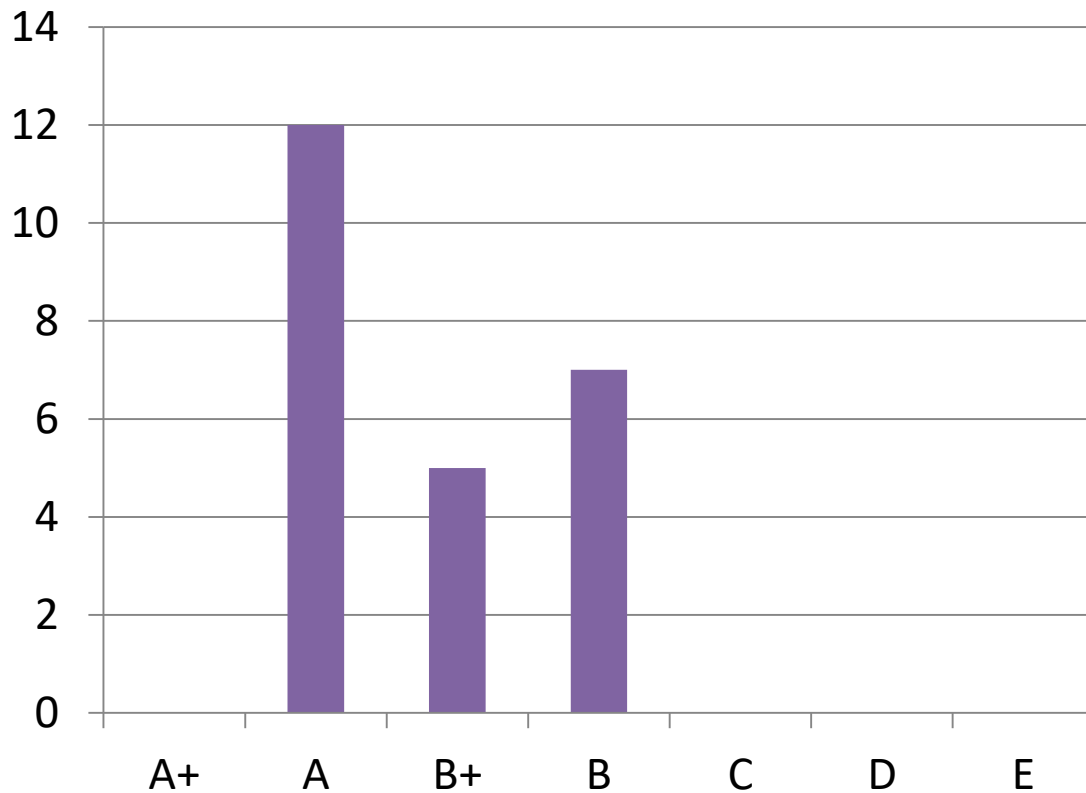
Exchanges provide Websocket connection

Results – Data provision - Ranking

Ranking	Exchange	Score	Grade
1	Exir	82	A+
2	Nobitex	67.6	B+
3	Jibitex	64.8	B+
4	Ramzinex	60.3	B+
5	Arzpay	60.2	B+
6	Wallex	55.8	B
7	OK-Ex	54	B
8	Citex	46.8	C

Results – User Experience

Qualitative distribution of Exchanges



%45

Exchanges reveals their
Mobile application

%50

Exchanges provide clear
withdrawal limitations

%33

Exchanges provide
appropriate technical
support

%25

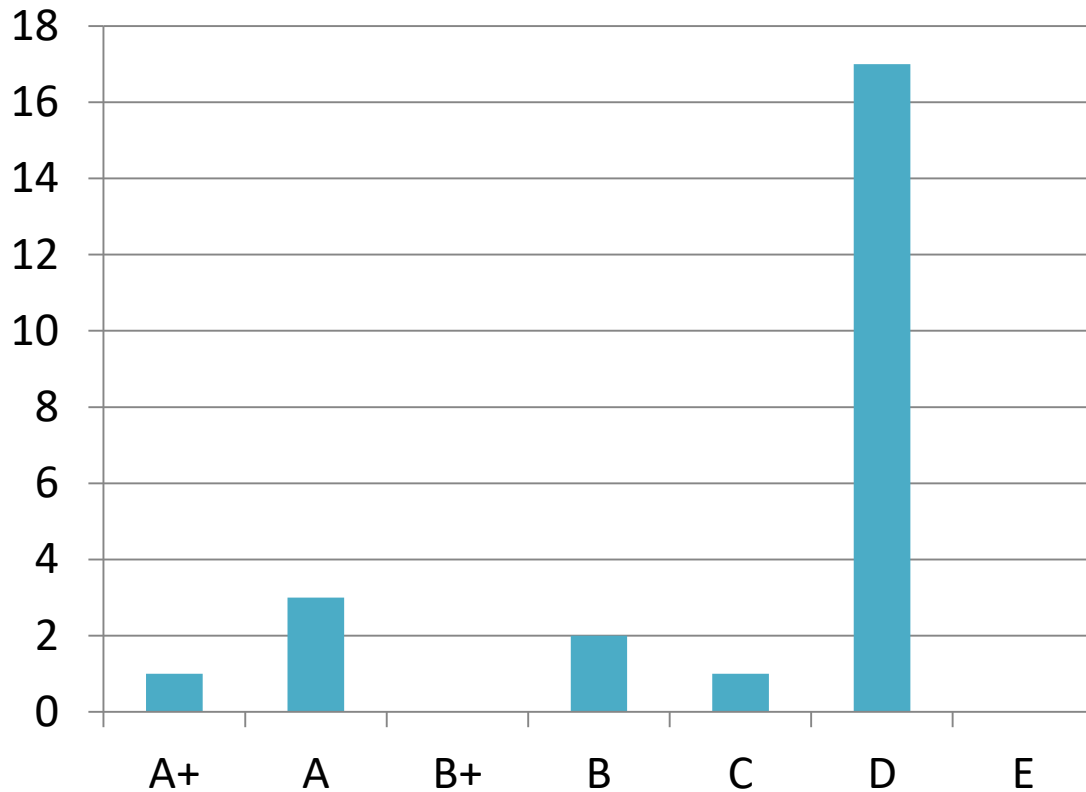
Exchanges Use multiple
social media

Results – User Experience - Ranking

Ranking	Exchange	Score	Grade
1	Ramzinex	78.22	A
2	Nobitex	78.07	A
3	Exir	77.65	A
4	Coinnik	77.47	A
5	Wallex	74.2	A
6	Jibitex	74.05	A
7	Exnovin	73.75	A
8	Bidarz	73.45	A

Results – Executive management

Qualitative distribution of Exchanges



%16

Exchanges age more than two years

%20

Exchanges have standard organization chart

%62

Exchanges provide no information

%12

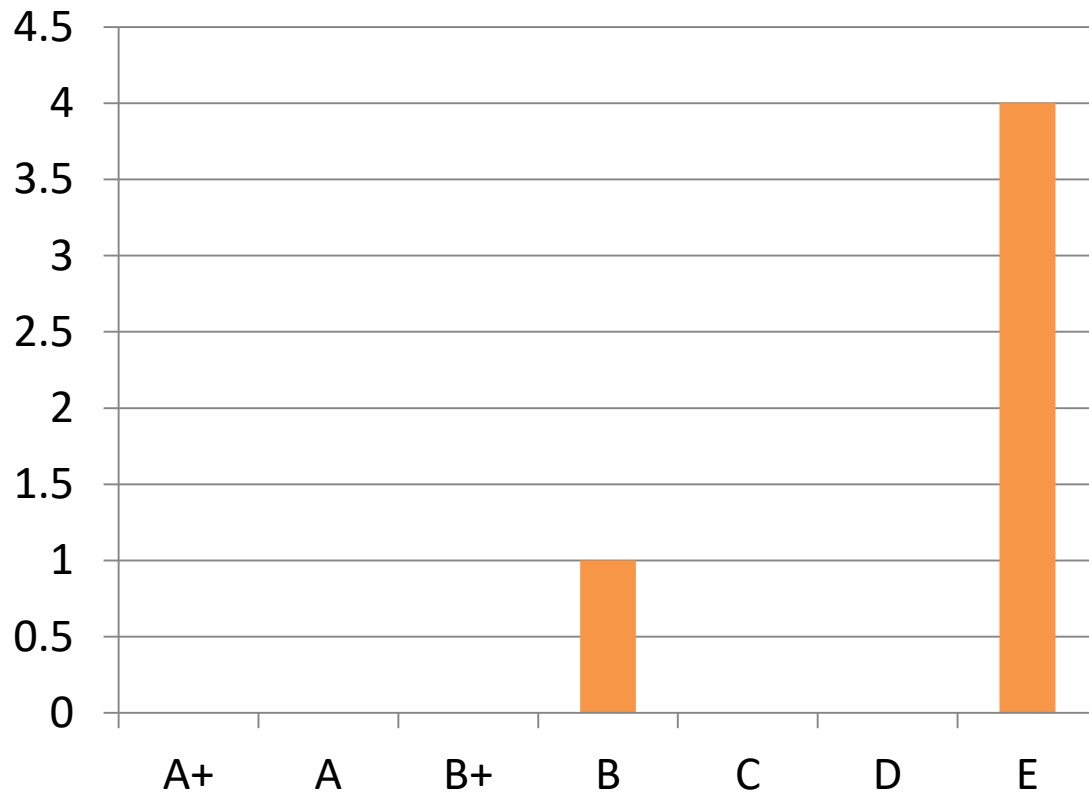
Exchanges introduces their executive management team

Results – Executive management - Ranking

Ranking	Exchange	Score	Grade
1	Exir	89	A+
2	Nobitex	79	A
3	Ramzinex	77	A
4	Arzpaya	75	A
5	OK-Ex	55	B
6	Wallex	53	B
7	Exnovin	43	C
8	Jibitex	37	D

Results – Support and Monitoring

Qualitative distribution of Exchanges



%20

Exchanges have investors

%4

Exchanges use trade monitoring tools

%100

Exchanges have no surveillance on blockchain transactions

%0

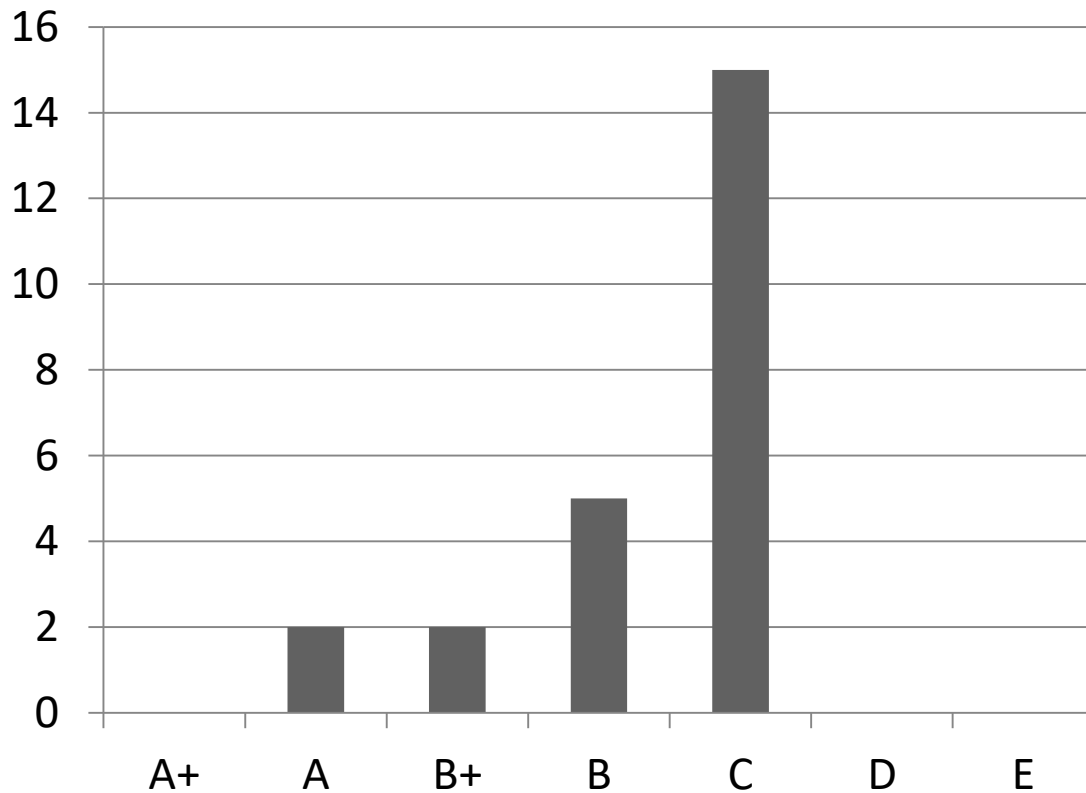
Exchanges have a banking support

Results – Support and Monitoring Ranking

Ranking	Exchange	Score	Grade
1	Exir	2.5	B
2	Nobitex	1.25	E
3	OK-Ex	1.25	E
4	Wallex	1.25	E
5	Citex	1.25	E
6	Ramzinex	-	-
7	Exnovin	-	-
8	Jibitex	-	-

Results – Incentive mechanism

Qualitative distribution of Exchanges



%75

Exchanges have
different trading levels

%0

Exchanges provide
Marginal trading

%78

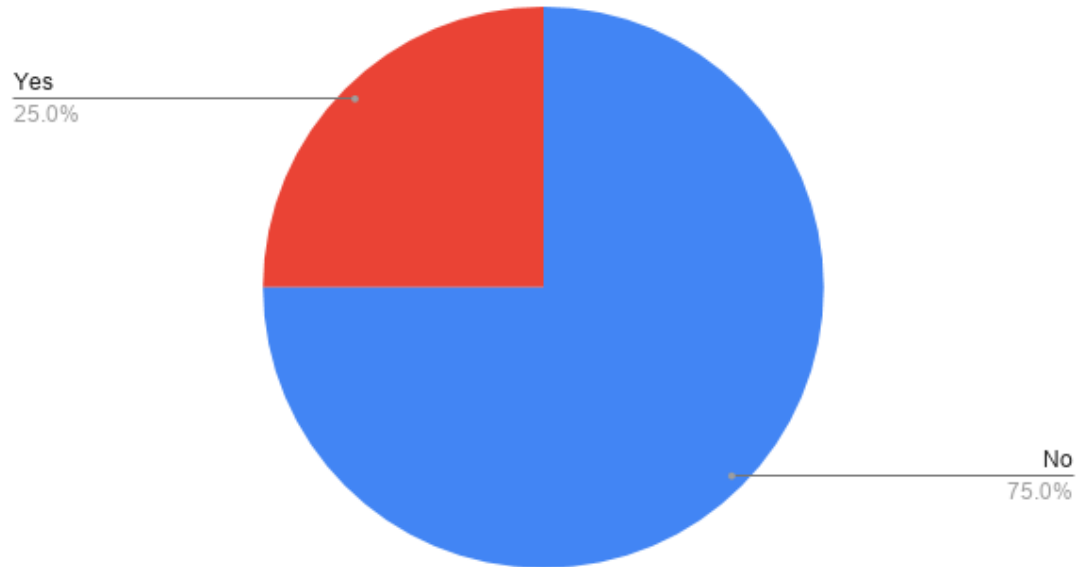
Exchanges provide
zero-fees trading

%7

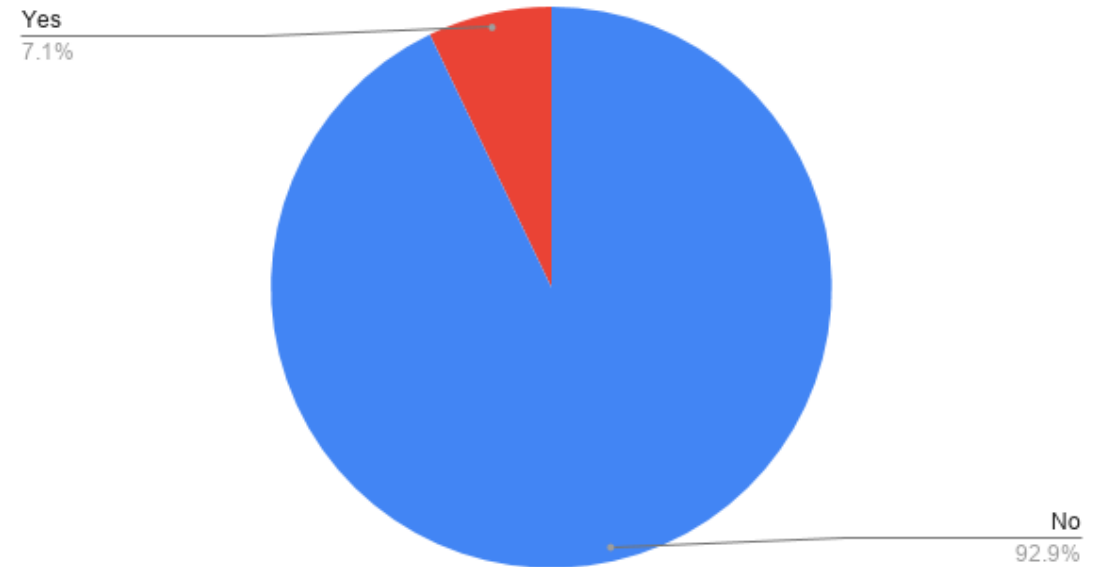
Exchanges support
Airdrops

Results – Incentive Mechanism (1)

Trading competition

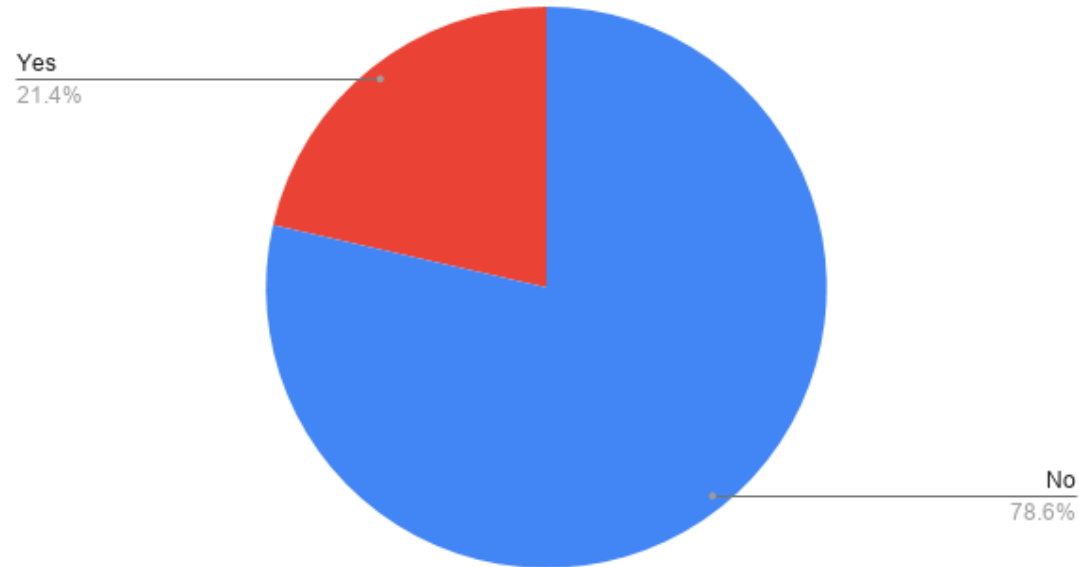


Airdrops



Results – Incentive Mechanism (2)

Zero transaction fees



Transaction fee mining



Results- Incentive Mechanism - Ranking

Ranking	Exchange	Score	Grade
1	Exir	75.95	A
2	Nobitex	70.9	A
3	Ramzinex	66.42	B+
4	Arzpaya	60.63	B+
5	Wallex	58.37	B
6	OK-Ex	56.44	B
7	Jibitex	55.09	B
8	Exnovin	54.88	B

Appendix

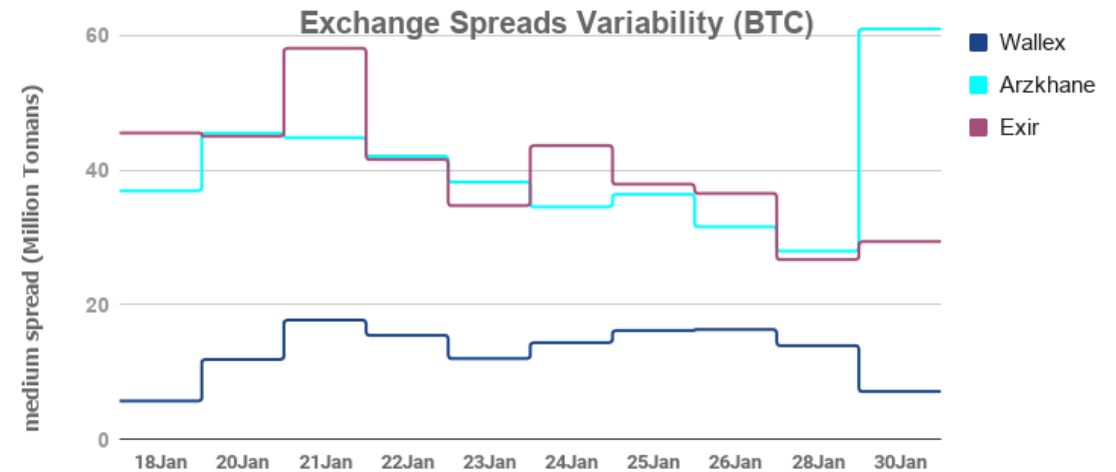
Market quality – Spread – BTC (1)

Normally, Exchanges with higher market liquidity should have the lowest spreads.

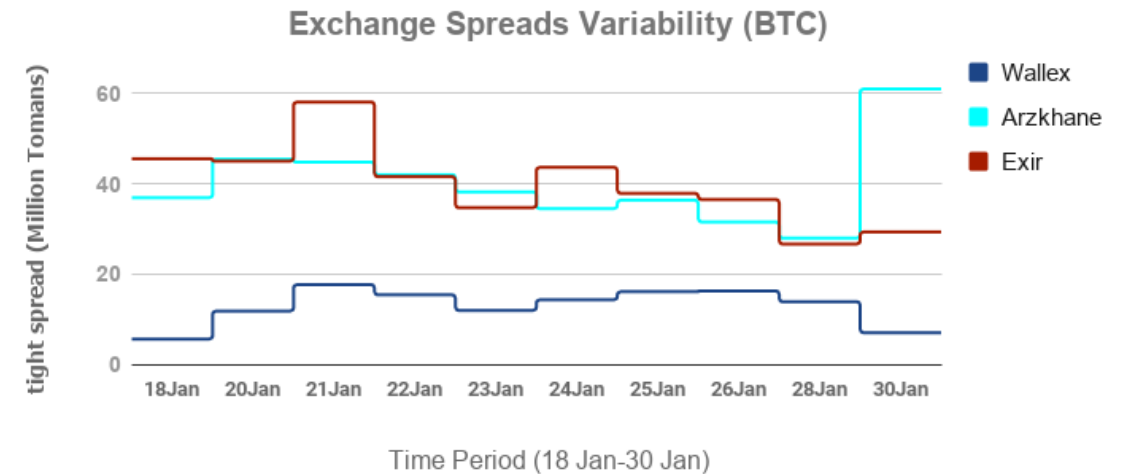
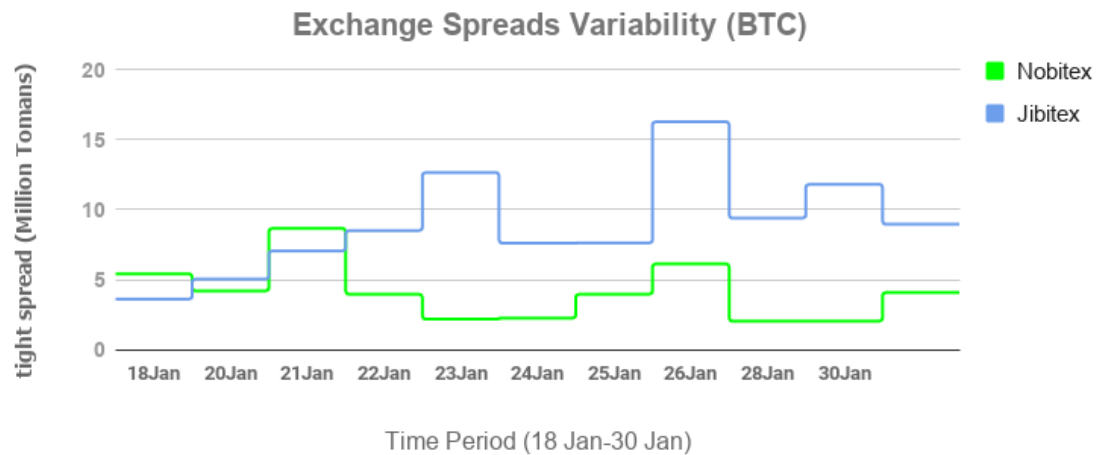
Since the spread is calculated by the difference between the best buy and sell offer, it may not be very wise to judge the effective liquidity in any Exchange by its average spread!

Spread along with market depth can be a good measure of liquidity or transaction time cost for users!

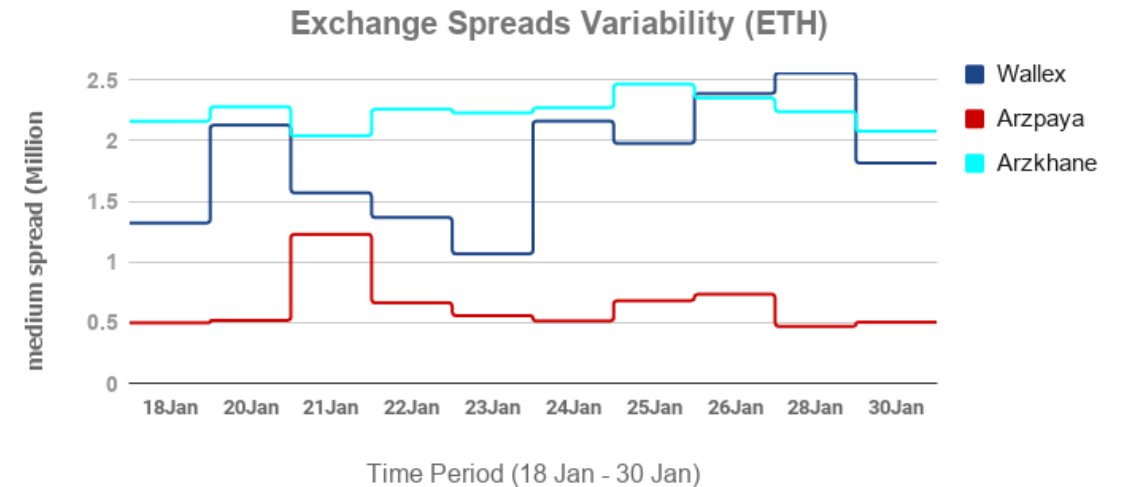
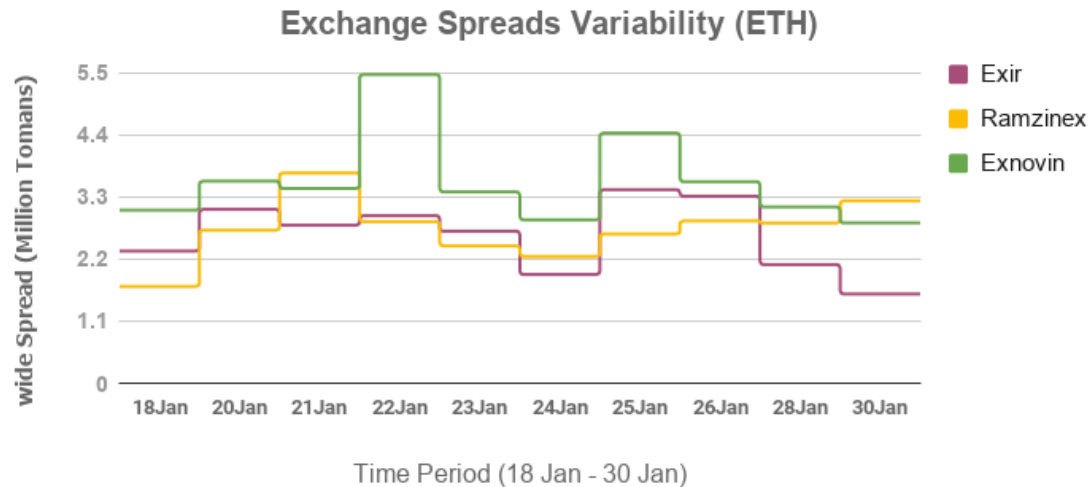
The graphs presented in this section compare the spread of eight higher-liquidity exchanges for the BTC and ETH markets.



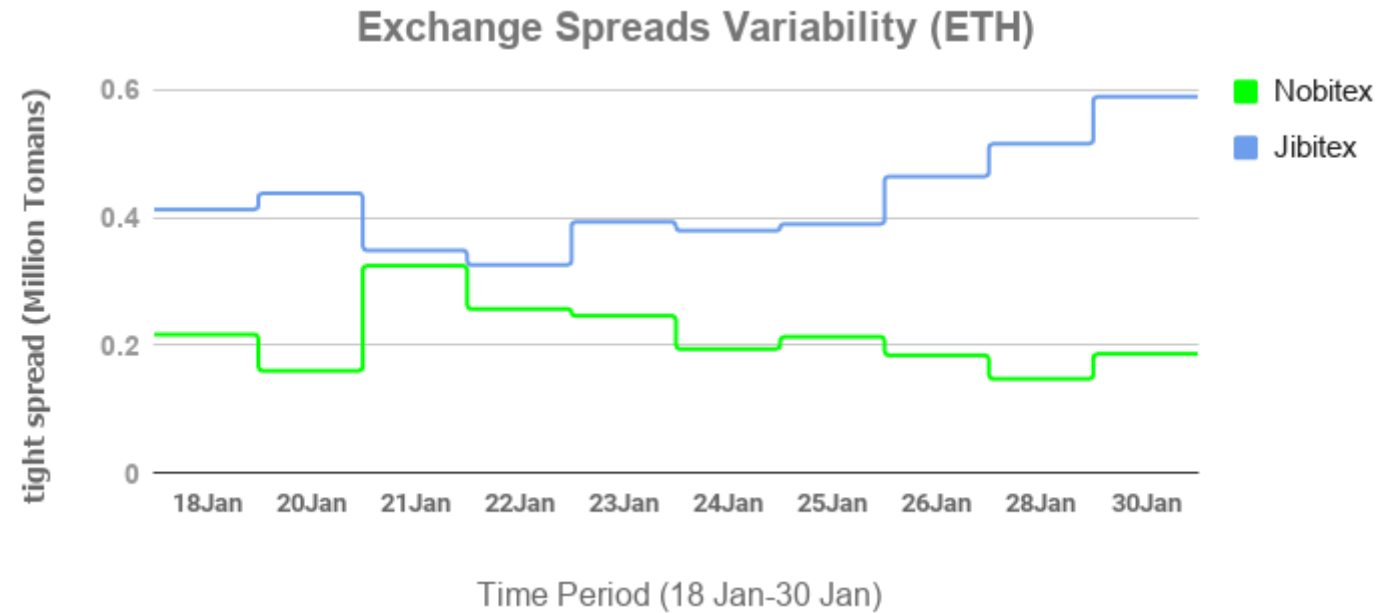
Market quality – Spread – BTC (2)



Market quality – Spread – ETH (1)



Market quality – Spread – ETH (2)

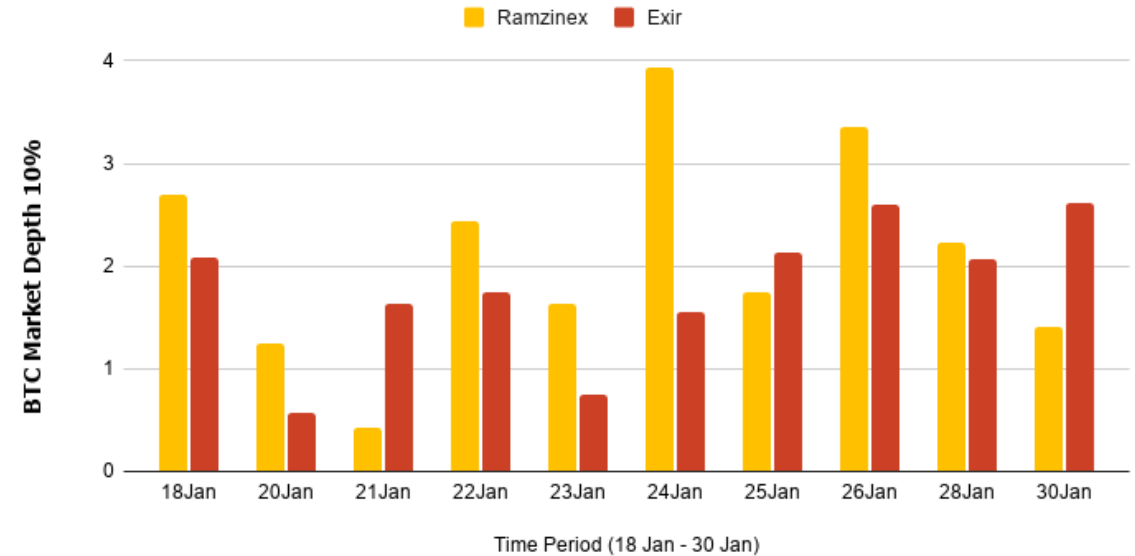


Depth – BTC (1)

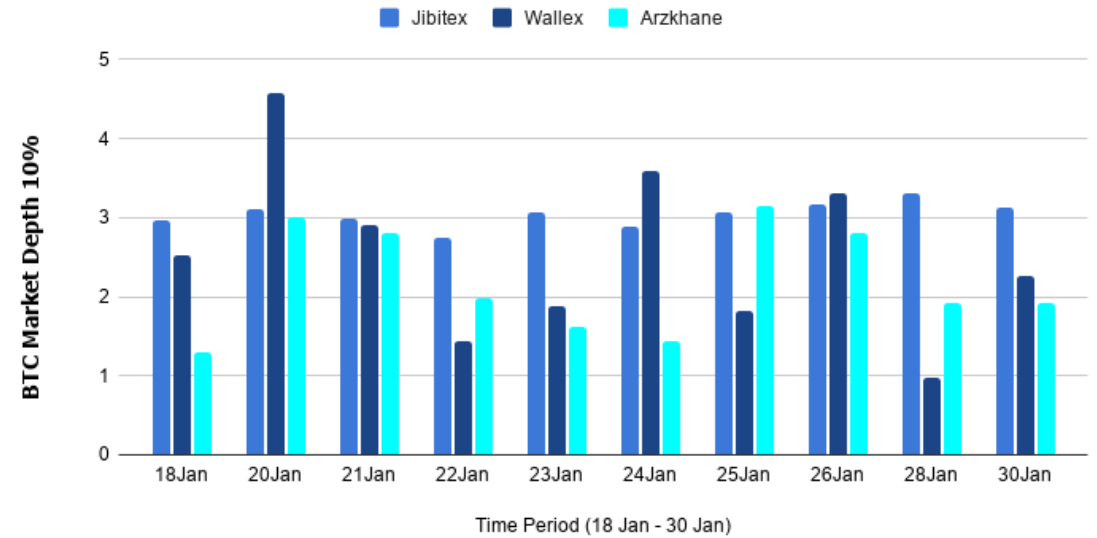
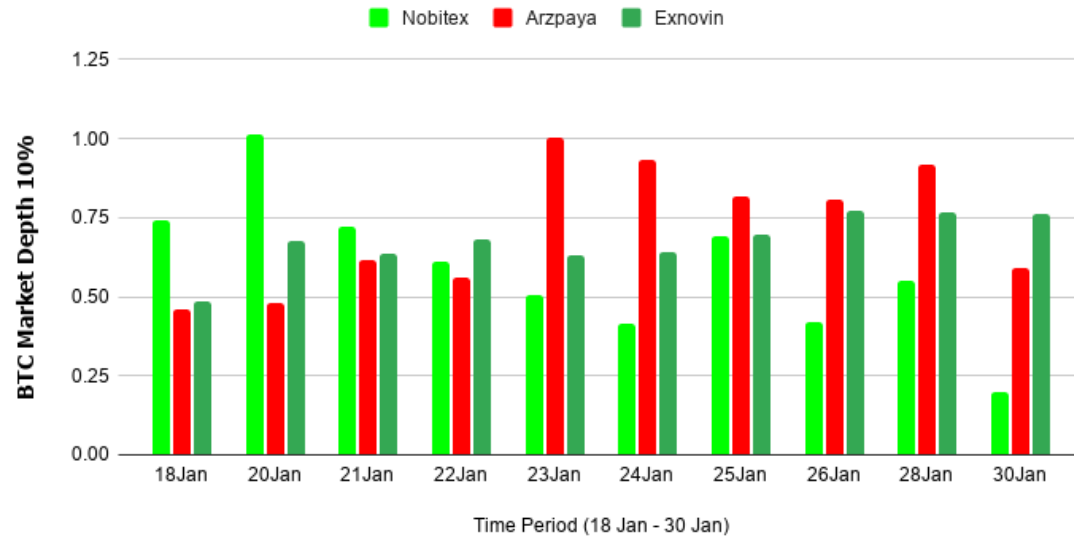
Typically, depth is the total volume of orders on an exchange in the order book. in fact, the depth of the market indicates how much it is possible to trade on an exchange. We consider those with greater average depth a more stable Exchange and thus a better one.

We consider the depth up to 10% either side of the mid price.

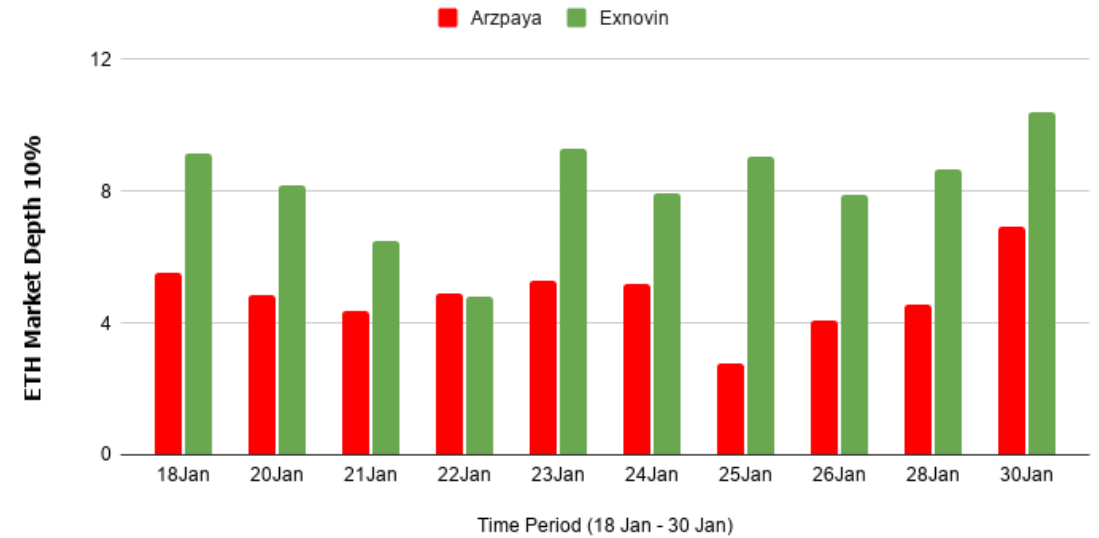
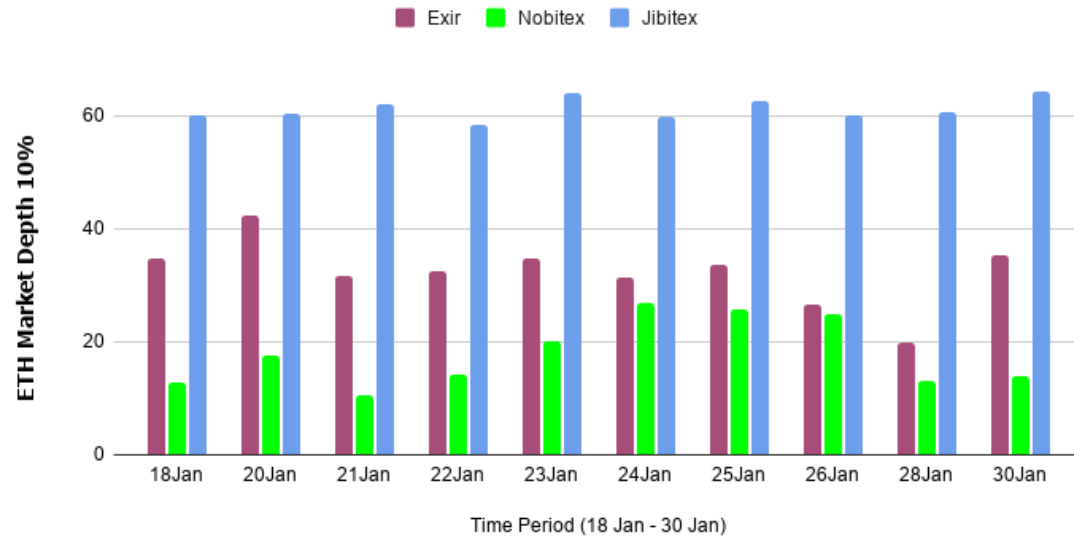
Graphs in this section present 10-day average depth for ETH and BTC markets in 8 Exchanges .



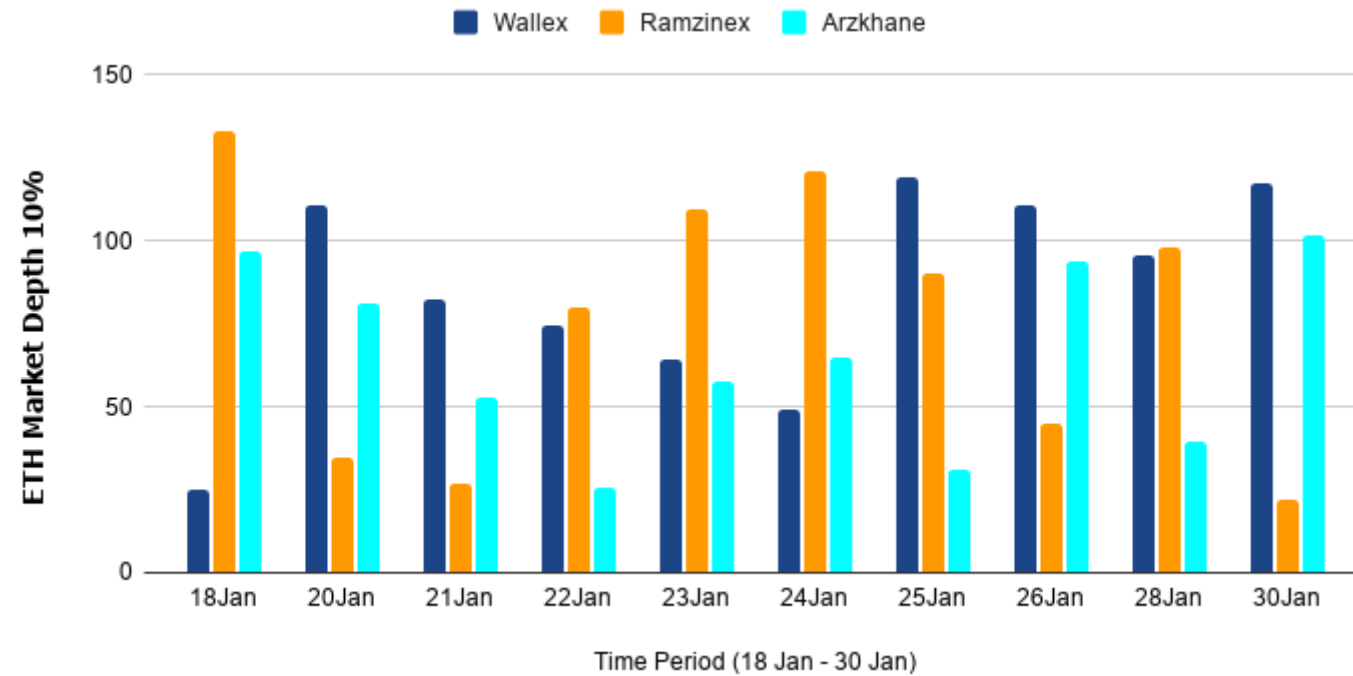
Depth – BTC (2)



Depth – ETH (1)

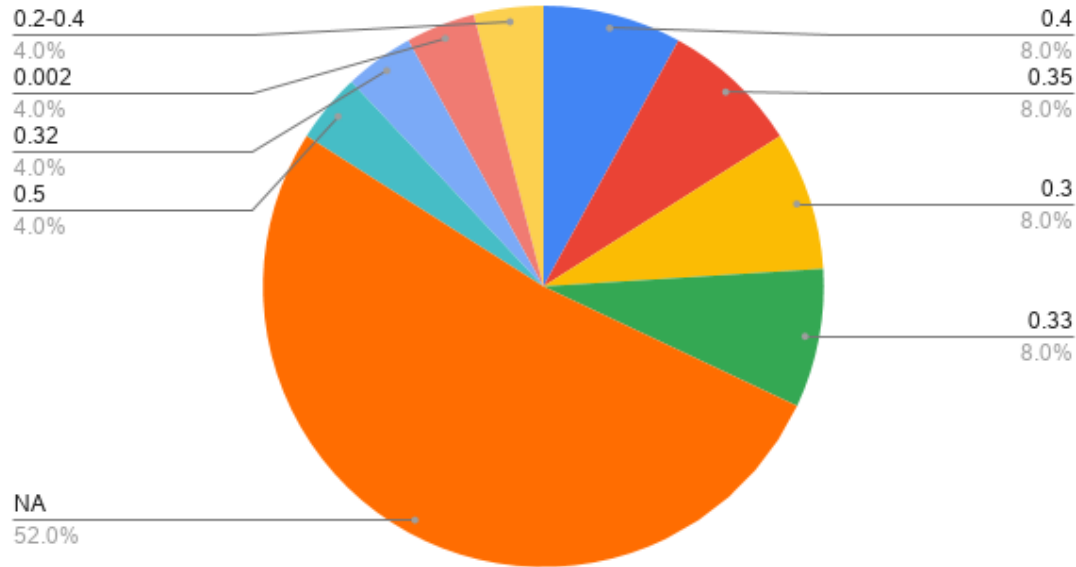


Depth – ETH (2)

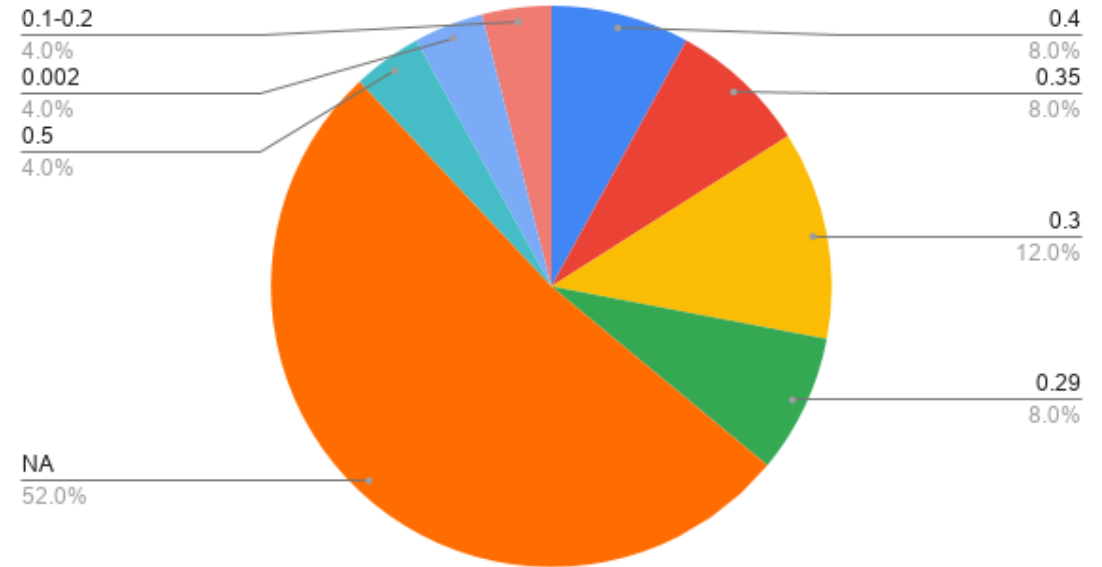


Exchange fees range for market maker and taker

Exchange fees for market taker

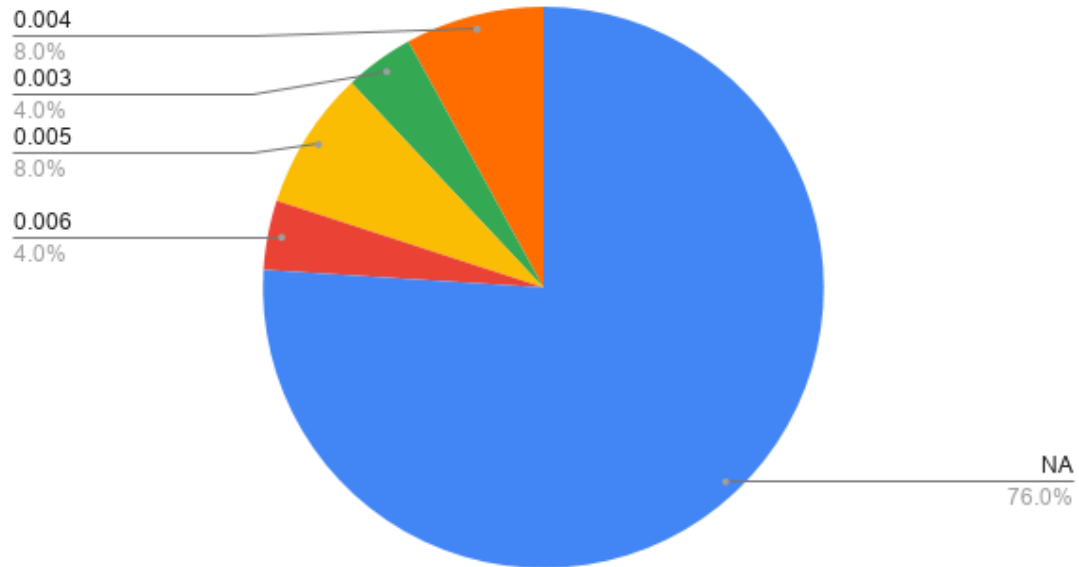


Exchange fees For market maker

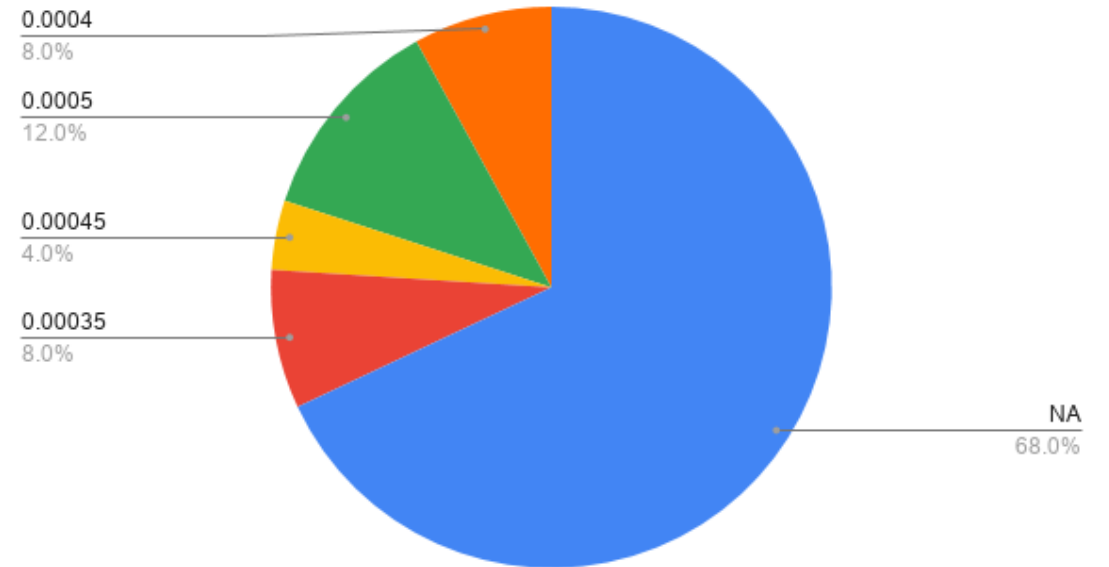


Withdrawal fees range

Withdrawal fees for ETH

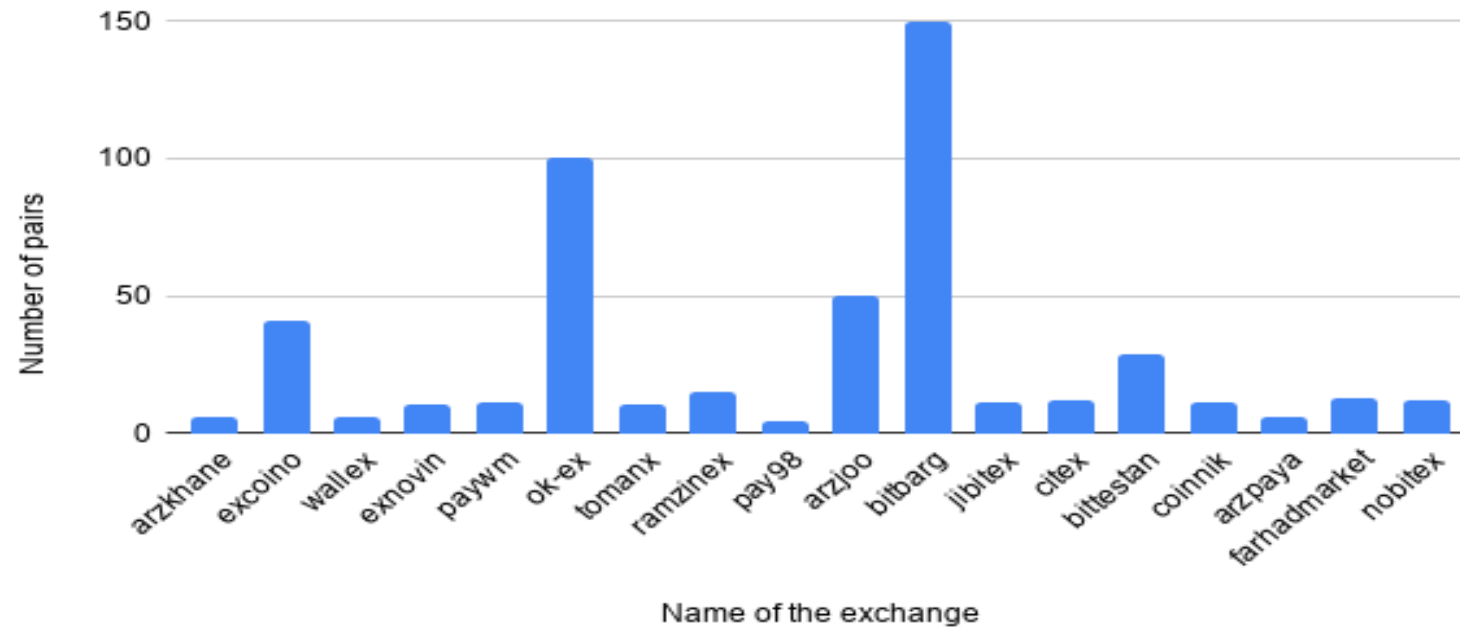


Withdrawal fees for BTC



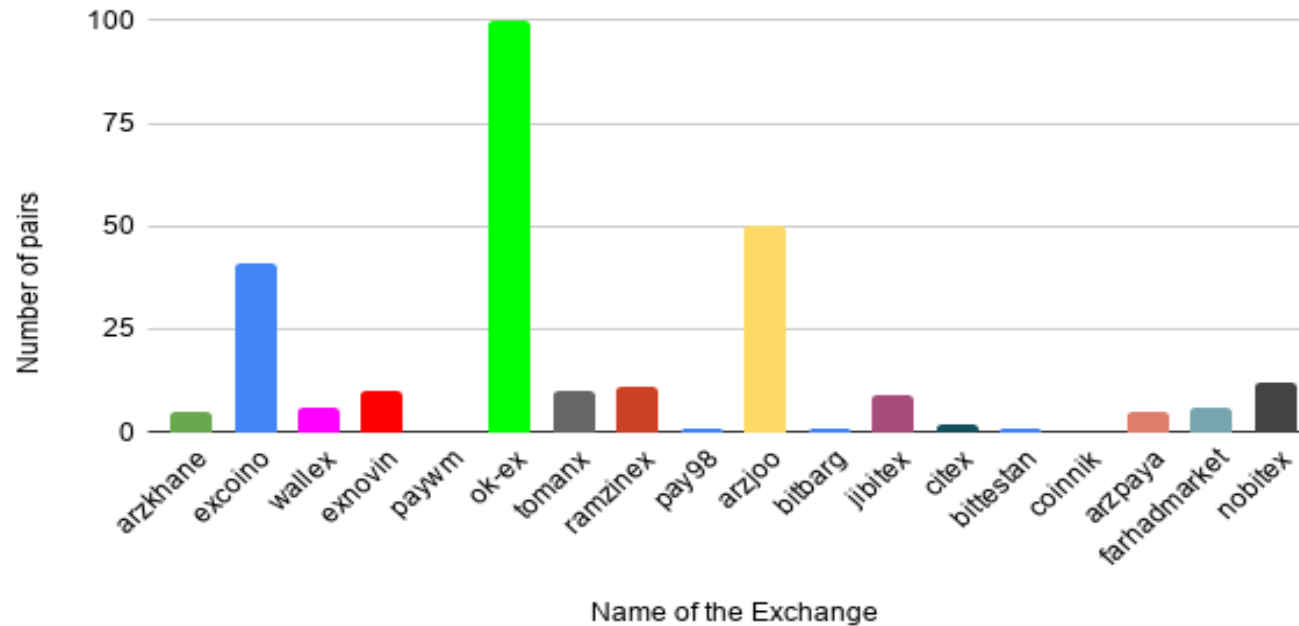
Number of markets for Iranian Toman

Toman pairs in Exchanges



Number of markets for USDT

USDT pairs in Exchanges



Coiniran Research Centre

Spring 2021

Rd@coiniran.com