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EXCHANGE INTERMEDIARIES IN THE CRYPTOCURRENCY MARKET

Before the outbreak of hostilities in February 2022, Ukraine was one of the leaders in the world in terms of cryptocurrency turnover. At the beginning of the year, according to unofficial data, this figure was UAH 1 billion per day [1]. But, despite the difficult situation, the demand for cryptocurrencies in Ukraine has only increased this year. One of the reasons for this was the inflation of the hryvnia and difficulties with the foreign currency transfer [2].

In March 2022, the Law of Ukraine "On Virtual Assets" was signed. Unfortunately, it does not provide a clear definition of what cryptocurrency is. Though by its features it corresponds to the term "virtual asset", it can also be attributed to a subspecies of electronic money. From this point of view, this law is not applied to cryptocurrencies, because, according to Part 3 of Article 2, its effect is not applied to legal relations related to electronic money [3].

All these processes have led to the emergence and development of cryptocurrency exchanges and intermediaries that help to carry out transactions with cryptocurrencies - cryptocurrency brokers. They facilitate transactions with virtual currency and charge some commission for their services.

In fact, a cryptocurrency broker is a relative term, as it is a traditional forex broker that provides access to the international cryptocurrency trading market. This means that cryptocurrency is not a priority area of activity, but only one of several groups of instruments along with fiat trading, currency indices, options, etc.

Among the services provided by a crypto broker, the following can be distinguished [4]:

- OTC (over-the-counter) trading. OTC broker acts as an intermediary between buyers and sellers of large amounts of cryptocurrencies.


- Client asset management. The broker forms a crypto portfolio and manages it in real time. The broker can carry out margin trading on behalf of the client and use other trading methods.

- Consulting and analytics. The crypto broker offers analytical tools to the clients that surpass the functionality on exchanges.

- Training in exchange trading. Clients of the crypto broker can hone their trading strategies through trial trades and copy trading.

The leading crypto brokers and their main advantages can be found in table below.

Leading cryptocurrency brokers

Provider	Main characteristics
	<p>A fintech investment group with a focus on empowering everyone in financial markets, whose secure and innovative platform simplifies the process of investing in more than 3800 world-famous markets. Capital.com has over \$88 billion in trading volume and over 2 million clients.</p>
	<p>XM Group is a reputable forex and CFD broker. XM Group offers more than 1000 financial instruments that can be traded on MT4/MT5 platforms. Among them: currencies, cryptocurrency contracts for difference (CFDs), stocks, commodities, stock indices, precious metals, energy and others.</p> <p>All clients are provided with equally transparent and fair trading conditions regardless of their capital, investment amount or account type.</p>
	<p>Exness provides the opportunity to trade more than 130 financial instruments with one of the best order execution on the market and record narrow spreads on major currency pairs.</p> <p>The company provides an opportunity to register Cent, Mini, Classic or ECN accounts using Metatrader 4, Metatrader 5, Multiterminal platforms for trading.</p>
	<p>Alpari is a multidisciplinary financial company that constantly introduces new developments and innovative solutions, provides comprehensive money management services, and is actively working to improve the financial literacy of the population.</p> <p>A variety of trading platforms and analytical services, ECN technology, unique investment service PAMM-account, customer orientation, as well as constant development of products and services give Alpari the right to be considered one of the leading forex brokers in the world.</p>

 Just2Trade	<p>Just2Trade Online Ltd (Just2Trade) is a leading international investment company that provides its clients with direct access to the world's major stock and currency markets. The company provides a wide range of investment services: brokerage services, portfolio management services, investment consulting services, currency exchange, investment and financial analysis.</p>
currency.com	<p>Currency.com is a fast-growing crypto platform that allows everyone to access the world of digital assets. Thanks to the use of advanced technologies, the company provides an opportunity to securely store, buy and sell popular cryptocurrencies, as well as invest in them through simple and intuitive mobile and web applications.</p>
 BDSWISS	<p>BDSwiss Group is one of the leading providers of financial and investment services in the Forex and CFD markets, serving over one million clients worldwide. Since its foundation in 2012, BDSwiss has been offering award-winning trading conditions, the world's best trading platforms, competitive prices and optimal CFD execution on more than 250 underlying assets.</p>
 FXDD	<p>FXDD is a multilateral online Forex broker with low fees and a good selection of assets and platforms. The company offers trading in 6 asset classes - currency pairs, cryptocurrencies and contracts for difference (CFD).</p>
 ZFX <small>A ZEAL COMPANY</small>	<p>ZFX is an NDD, STP and ECN broker that provides online trading services for FX and CFD instruments. The broker is part of Zeal Group - a group of fintech companies that specializes in liquidity solutions for regulated markets and is present in major regions of the world. The company does not take active market risk, instead it uses neutral prices to increase clients' chances of success in the trading process.</p>

Source: compiled on the basis of [5-12].

One of the main advantages of cooperation with crypto brokers is the convenience of work. After all, when a trader trades cryptocurrency on his own, he often has technical problems when working with the blockchain. In contrast, a broker has a well-established system that avoids many technical difficulties.

Also, crypto brokers allow you to use leverage - to trade with borrowed funds, thus increasing the amount of positions opened [12].

Thanks to the more advanced tools that a cryptocurrency broker works with, trading can take place at a faster pace than a trader who will do

it alone. In addition, the exchange rate will be more fair on the organizational platform.

It should be noted that crypto brokers also have some disadvantages. One of the most important is, of course, the price of its services, which will be higher due to various commissions and fees [12].

Cryptocurrency trading is a risky business because the currency itself is volatile. Currency trading is based on speculation and is associated with a high level of risk. It often happens that the value of the currency suddenly falls by hundreds of dollars, but it also happens that the rate instantly soars up.

Since operations with cryptocurrencies are almost not regulated by law, cybercrime against cryptocurrencies is also a serious risk. It can take various forms, from misuse of personal data to hacking and emptying cryptocurrency accounts of users.

It is difficult to predict which of the existing cryptocurrencies will play a decisive role in the global financial system. But the very fact of the emergence of a fundamentally new tool that can simplify payments and reduce their cost by eliminating intermediaries while ensuring the anonymity of transactions, indicates that in the near future the world economy will face new, revolutionary and unpredictable changes.

References:

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