

Cryptocurrency Exchange Listings

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Abstract

This extended abstract summarizes the essence of [1], which studies the listing decisions as well as listing performances on cryptocurrency exchanges, and investigates potential strategic incentives and their interactions with regulatory exposures. The authors first present a case study comparing cryptocurrency listings on the largest and more regulated U.S. exchange, Coinbase, and the largest but less regulated global exchange, Binance. They find that: Regarding listing performance, while cryptocurrency listings on both exchanges see significantly positive short-term returns, the more regulated Coinbase sees significantly higher listing returns than the less regulated Binance; Regarding listing choices, while both exchanges tend to list cryptocurrencies with more GitHub development activities, conflicts of interests arise when exchanges list cryptocurrencies that their venture capital arms have previously invested in. Specifically, the authors find the less regulated Binance being more likely to list its self-invested coins with inferior fundamentals, and the apparent agency friction does not seem to be corrected by market forces. To obtain external validity of the lessons learned from the top two exchanges, the authors further construct an exchange regulation index on a larger sample of 80 qualified exchanges, and confirm the relation between stricter exchange regulations and higher short-term listing returns, controlling for cryptocurrency and exchange attributes.

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1 Motivation

Listing a cryptocurrency on a major exchange can dramatically expand its market reach, improve liquidity, and influence valuation. The process is not only a technical task but also a strategic decision to the exchange, often made in the context of different regulatory regimes. While some exchanges face intensive scrutiny closer to traditional securities markets, others operate under lighter oversight, potentially allowing different strategic incentives to shape listing choices. The authors of [1] explore these contrasts to understand how regulation and internal incentives jointly influence both what kind of cryptocurrencies are listed and how those listings perform.

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2 Comparative Case: Coinbase and Binance

The study first focuses on two global leaders: Coinbase, the largest U.S.-regulated exchange, and Binance, the largest exchange globally but operating outside of U.S. and arguably less regulated. The authors of [1] document that both exchanges typically list cryptocurrencies with more active development activities, measured by public GitHub records. However, in cases where an exchange's own venture capital arm holds prior investments, patterns diverge:

- On Binance, among listed tokens, the fundamentals of those that have received previous investment by the exchange's own venture arms tend to be weaker.
- On the more heavily-regulated Coinbase, such patterns do not appear.

In both venues, short-run abnormal returns following listing are positive, but they are significantly larger on Coinbase, suggesting either stronger screening or greater investor confidence in regulated platforms.

3 Extending to a Larger Sample

To assess whether patterns extend beyond the top two exchanges, the authors of [1] construct an *exchange regulation index* based on (1) the publicly listed status of the exchanges themselves, 2) financial licenses granted by local governments, 3) the general environment (such as investor protection, legal origin, and financial openness) of the country where the exchange is headquartered, and 4) status of non-BVI incorporation, given that BVI-areas (e.g. British Virgin Islands, Seychelles, Republic of Lithuania, Gibraltar, Dubai, South America, and The United Arab Emirates) allow entities with flexible organizational structure and limited financial reporting requirements. Applying this index to 80 exchanges, the authors confirm that listings on more regulated exchanges tend to yield higher initial returns.

4 Implications

The findings suggest that regulatory designs may influence market quality in the cryptocurrency space, not only through investor protection but also by shaping the incentives of exchanges and the performance of token listings. Where oversight is weaker, exchanges may prioritize internal investment returns over asset quality, potentially undermining long-run market integrity. Conversely, stronger regulation appears to enhance screening and boost investor trust, leading to better short-term performance at listing.

5 Concluding Remarks

By combining micro-level event studies with cross-exchange analysis, the authors of [1] provide new insights into the interplay between regulation, exchange listing decisions, and asset listing performance. The results have implications for policymakers considering exchange oversight frameworks and for market participants evaluating where to list or trade digital assets.

References

- 1 Jiasun Li, Mei Luo, Muzhi Wang, and Zhe Wei. Cryptocurrency exchange listings. Technical report, George Mason University, 2025. doi:10.2139/ssrn.4715718.