

1 Stepping Into Digital Asset Trading

Entering the World of Digital Asset Trading

This e-book lays the foundation for your journey in digital asset trading. It explains essential terminology, showcases the interlinked environment of the trading market, highlights common risks, and looks ahead to future developments.



Table of Contents

Introduction

<u>01</u>	Trading Defined	05
<u>02</u>	Exploring the Digital Asset Market	08
<u>03</u>	The Revolutionary and Complex Nature of Digital Assets	12
<u>04</u>	Trading Digital Assets	16
<u>05</u>	Navigating Risks in Digital Asset Trading	20
<u>06</u>	The Future of Digital Asset Trading	24
<u>07</u>	Conclusion and Key Takeaways	28
<u>08</u>	Glossary	31






Welcome to the E-book Series 'Stepping Into Digital Asset Trading'

This comprehensive e-book series is designed to illuminate the intricate world of digital asset trading, placing a special focus on the nuanced differences between managed and personal trading.

Whether you are a seasoned investor, a curious newcomer, or simply someone interested in understanding the dynamics of digital assets, this guide provides the knowledge and insights necessary to navigate the often turbulent waters of financial markets.

Through a detailed theoretical exploration of managed and personal trading complemented by real-world examples and expert advice, it equips you to make informed decisions that align with your investment goals and risk tolerance.

By the end of the series, you will have gained an in-depth understanding of:

-  Essential trading terminology
-  Interlinkages between digital asset trading, societal developments and the economy
-  The benefits of managed trading
-  The metrics by which trading success is measured
-  Risk management techniques

As you progress through the series, keep in mind that trading is not just about transactions but about the strategies, decisions, and understanding of the markets that drive those transactions. ‘Stepping Into Digital Asset Trading’ is your companion for navigating this complex world. It will help you to understand and evaluate a range of trading scenarios before making the choices that are most conducive to your financial goals.

The first e-book, ‘Entering the World of Digital Asset Trading,’ will consolidate your understanding of essential trading terminology. In addition, it will highlight key characteristics of the digital asset market and provide a robust overview of current and future trends in digital asset management.

The e-book serves as an ideal starting point to understand the risks associated with digital asset trading and expand your knowledge on the benefits of personal versus managed trading arrangements.



CHAPTER 1

Trading Defined

At its most basic level, trading is about buying and selling assets at the right time to make a profit from changes in the market.

However, the art of trading is far more complex than this simple definition might suggest. It is a strategic endeavor that requires insight, foresight, and an understanding of complex market dynamics.

Some traders love the fast-paced dynamics of short-term trading, while others prefer the long game of investing in the future. Market prices are always moving, influenced by how much people want to buy or sell.

Trading is all about smart timing, which in turn requires a thorough understanding of the market. Research is key to achieving success in digital asset trading.

Smart trading decisions demand an up-to-date awareness of world events as well as regular consumption of industry news from trustworthy sources.

In this regard, trading communities and developers serve as valuable sources of intel on trends and changes that could impact your trading success. This guide explores the two main forms of trading that cater to diverse investor profiles and objectives:

01

Managed Trading

02

Personal Trading

Managed Trading

Managed trading represents a form of investment in which decisions are made by professional fund managers or advisors.

These experts utilize their knowledge, experience, and resources to manage portfolios with the aim of achieving the best possible returns for their clients.

This approach is often preferred by individuals who wish to invest in the markets but lack the time or expertise to actively and effectively manage their investments.

Personal Trading

By contrast, personal trading is the approach of choice for those who prefer to be hands-on.

Personal traders make their own decisions, relying on their own research, strategies, and judgment. As such, personal trading is suitable for individuals who seek direct control over their investment choices and enjoy the challenge of navigating the markets.

They create their own accounts on digital trading platforms and independently decide which assets to buy or sell.



CHAPTER 2

Exploring the Digital Asset Market

Digital asset trading has experienced exponential growth and interest in recent years.

The emergence of digital assets, particularly cryptocurrencies, has added an additional layer of complexity to the trading landscape.

With their inherent volatility and distinct market behaviors, digital assets present both novel opportunities and unique challenges.

Put simply, cryptocurrencies are digital or virtual currencies that use cryptography for security and are issued and traded independently of a central bank.

This guide addresses traditional financial instruments as well as shedding light on this nascent digital asset-based industry.

There are four key features by which the digital asset market can be characterized. In order to trade digital assets successfully, it is advisable to have a broad understanding of these unique characteristics. Each has its own implications for participants in the market:

01

Global Accessibility

02

Decentralization

03

Price Volatility and Liquidity

04

Regulatory and Technological Environment

Global Accessibility: A Market Without Borders

Imagine a market that is always active, connecting people from Auckland to San Francisco in smooth, continuous transactions. This is the essence of the digital asset market. There are several reasons why this accessibility is so significant:

An inclusive new era:

Anyone with an internet connection can participate, resulting in a diverse mix of traders from different backgrounds.

24/7 trading:

An always-open market means constantly evolving opportunities and risks, requiring investors to be continuously engaged.

Cross-border interaction:

Transactions across countries are common, and price changes in one area can have worldwide effects. This illustrates the interconnectedness of the market.

Rapid growth opportunities:

Starting in the digital asset market is easy and scalable, making it an ideal place for everyone from small traders to growing exchanges.

Decentralization: Power to the People

In a traditional centralized financial system, financial transactions and operations are controlled and regulated by a central authority such as a government or bank.

Conversely, rather than being governed by a single entity, a decentralized platform distributes decision-making and control across multiple nodes or participants.

The operation of digital assets on decentralized platforms represents a significant shift from traditional centralized financial systems. When dealing with decentralized systems, there are a few key points to keep in mind:

Decentralized systems eliminate the middleman:

Direct peer-to-peer transactions mean less bureaucracy and more control over personal assets.

The rise of decentralization comes with complex regulatory issues:

While decentralization offers freedom, it also creates ongoing regulatory challenges for users and lawmakers.

Recognizing hidden centralization is key:

It is important to understand that not all digital assets are decentralized. Knowing the difference is crucial for grappling with market trends.

Price Volatility and Liquidity: A Wild Roller Coaster

Liquidity refers to how quickly and easily an asset can be bought or sold without causing a negative change in its market price. Volatility is a key feature of the digital asset market - one that attracts some traders and deters others. Some rules of thumb for trading on a volatile market include:

Expect the unexpected:

Unexpected news can drastically affect prices. This market is not for those who shy away from risk.

Consider diverse influences on prices:

A wide range of factors - from social media to tech developments - can significantly impact prices.

Become market savvy:

Traders need to be in tune with market sentiment and develop strong risk management strategies to handle volatility.

The Regulatory and Technological Environment: Navigating the Maze

Technology is a major driver of the digital asset market, with each new development having the potential to spark major changes. The same applies for developments in the nascent regulatory landscape. So, what must traders keep in mind?

Regulatory changes provoke diverse responses:

Regulatory reactions vary widely, from crypto-friendly policies to strict governmental controls.

Staying informed and compliant is vital:

Market participants must be alert and adapt to new regulations to remain compliant and operational.

The importance of security:

A single technical flaw can have far-reaching effects. This underlines the importance of constant vigilance and thorough technical understanding.

The characteristics outlined on these pages have decisively shaped the state of digital asset trading and will continue to do so in the future. As the market grows, these elements will interact in increasingly complex ways, giving rise to both opportunities and challenges for investors and regulators.

Before delving into the practical facets of asset trading, it is helpful to understand the nature, complexity and volatility of digital assets in more detail.

CHAPTER 3

The Revolutionary and Complex Nature of Digital Assets

Digital assets are a new and exciting category of assets that is changing the way we think about money and trading.

This chapter explores digital assets in detail, illustrating why they are fascinating yet somewhat tricky to get to grips with. By the end of the chapter, you will have acquired a solid understanding of what digital assets are all about.

01 Cryptocurrency Rising

02 Digital Assets versus Traditional Stocks

03 Technology to the Rescue

Cryptocurrency Rising

While the term ‘digital assets’ has traditionally been used to refer to media formats such as photos and videos, its definition has broadened in recent years to encompass tradable asset types like cryptocurrencies.

It is this ‘new’ generation of digital assets that is the subject of this guide. The oldest and perhaps most widely known cryptocurrency is Bitcoin, whose emergence in 2009 represented a novel way of exchanging value directly between individuals.

Bitcoin’s introduction ushered in an era of immense growth for cryptocurrencies and other new digital assets. As the number of digital assets increased, so did the number of platforms on which to trade them.

These assets come in many forms, such as Bitcoin, Ethereum, and more. Each has its own special features and uses. Blockchains are the technological innovation that enables these digital assets to exist. Different blockchain-based technologies have different ways of handling transactions and secure data.

A blockchain, in simple terms, is an open, decentralized digital ledger that records transactions securely and transparently across multiple computers. Owning cryptocurrency means you control a unique digital code that stands for something valuable.

Understanding digital assets also means getting to grips with complex technologies like smart contracts (automatic agreements on the blockchain) as well as with the ever-evolving world of decentralized finance (DeFi).

DeFi refers to a set of financial services and applications that are built on blockchain technology and aim to provide traditional financial services without the need for intermediaries.

The rules and regulations around digital assets are always changing and differ from place to place. While this can be challenging, it also creates opportunities to develop nuanced and optimally profitable strategies. Knowing how digital assets interact with traditional financial systems is highly beneficial for smart investing and staying within legal boundaries.

Alongside the challenges associated with legal compliance, assets must also be kept safe from cyber threats like hacking and scams.



Digital Assets versus Traditional Stocks

Comparing the digital asset market to traditional markets like stocks reveals a number of clear differences.

Increased volatility:

Even small changes in the stock market can be big news. By contrast, in the digital asset world, both small and larger changes are common.

Decentralization:

The lack of centralized control in the digital asset market gives rise to unique market behaviors.

Rapid reactions:

While technological advances push the industry forward, they can also lead to more rapid reactions and fluctuations than are seen on the traditional financial markets.

To get the most out of digital asset trading, it is essential to stay abreast of technological advances. Mastering the complexity and unpredictable nature of digital assets is key to successfully navigating this exciting but challenging field.

Technology to the Rescue

When it comes to grappling with the complexity and unpredictability of digital assets, technology plays a major role. Here are some of the ways it does so.

Automatization:

Automated trading bots can work faster and more consistently than humans.

DeFi tools:

Secure storage solutions protect assets from theft, while DeFi tools - software applications and platforms designed to enable users to get the most out of DeFi - facilitate better market efficiency and access.

Trackability:

Blockchain analytics tools are getting better at tracking asset flows and spotting market manipulation.

Artificial intelligence:

AI aids in predicting trends and adds depth to analysis.

Smarter trading:

Smart contracts allow for automated, strategic trading decisions, helping traders to cope with volatility.

CHAPTER 4

Trading Digital Assets

Whether you choose to trade digital assets independently or via managed support, consider the following points before you begin.

01

Choosing the Right Platform

02

Developing a Trading Strategy

03

Mastering Trade Execution and Portfolio Analysis

04

Staying Compliant with Regulations

05

Security in Trading

Choosing the Right Platform

Successful digital asset trading begins with picking the right platform. There are two main types to choose from. While centralized exchanges (CEXs) can be thought of as controlled environments where strict security is the norm, decentralized exchanges (DEXs) offer the liberty to trade independently, championing the principle of self-reliance.

Selecting a platform is like choosing a dance partner: to form a successful partnership, the platform must have the right combination of features, tools, and security for the way you wish to trade.

Considerations such as transaction fees, market liquidity and adherence to regional regulations will be explored later in the series.

Developing a Trading Strategy

Formulating a strategy for digital asset trading requires some self-reflection. What are your financial goals? How much market fluctuation can you comfortably handle? Your answers to these questions will guide you to the type of strategy that fits you best, whether that be the dynamic world of day trading or the patient game of long-term holding.

Your approach will help determine the type of analysis you use. While technical analysis can be likened to predicting current market weather, fundamental analysis involves understanding the intrinsic value of your assets.

Employing diversification, using protective measures like stop-loss orders, and staying flexible are vital for navigating the volatile trading waters.



Mastering Trade Execution and Portfolio Analysis

Think of yourself as a chef in the trading kitchen. Your assets are your ingredients; your strategies are your recipes. Once these two things are in place, it is time to master the ‘stove’: the different types of orders.

An ‘order’ in trading refers to the instructions given to a broker or trading platform to execute a trade, specifying details such as the security to be bought or sold, the price, and the timing of the transaction. As you progress along your trading journey, you will learn about the importance of timing and how automated tools can assist your trading endeavors. You will also come to see that emotional control is crucial for consistent success.

Once you have placed your order and made your trade, your portfolio requires ongoing management. Tools like analytics software are your magnifying glasses, helping you understand your trading needs. You must ‘sense changes in weather’ by keeping up with market trends and maintain your portfolio’s well-being by staying aware of tax implications. Detailed record-keeping is not only beneficial but essential for transparency and traceability in your trading activities.

Staying Compliant with Regulations

In the ever-changing landscape of digital asset trading, staying up-to-date with regulations is key. By adhering to anti-money laundering (AML) and Know Your Customer (KYC) policies, you ensure that your trading is within legal boundaries. Note that compliance does not entail merely following the rules but actively safeguarding yourself and your investments.

By remaining vigilant and informed about the varying laws across jurisdictions, you become a knowledgeable and responsible participant in the digital trading world.

Security in Trading

Keeping your digital assets secure is vital. There are various measures to help you do so, including cold storage for digital currencies and two-factor authentication for logging onto trading platforms. Despite this, risks are everywhere, from sneaky phishing attempts to full-blown security breaches at trading platforms.

By staying alert and adopting state-of-the-art security measures, you build a fortress around your assets. Insurance for your digital investments and a backup plan for unexpected market events serve as vital additional safeguards.

CHAPTER 5

Navigating Risks in Digital Asset Trading

While trading digital assets can be exciting, it comes with a set of unique risks.

Whether you are an experienced trader or a newcomer, knowing how to stay safe is vital to success. With this in mind, this section of the guide covers the complex risks of digital asset trading and explores practical ways to manage them.

The key risks to look out for are:

01 Regulatory Uncertainty

02 Market Manipulation

03 Cybersecurity Threats

04 Liquidity Concerns and Volatility

05 Operational Risks

Regulatory Uncertainty

The rules around digital asset trading can change quickly and vary by country. This makes things tricky for traders and places the onus on them to be careful and well-informed.

The key question is how the digital assets you trade are classified – as currencies, commodities, or securities. This classification affects everything from taxes to what kind of trading is allowed. It is important to keep up with legal changes and when in doubt, seek expert advice.

Traders operating in multiple countries might find their strategies affected by new regulations in a single region. Tax rules on digital assets can change unexpectedly, sometimes in a stricter direction.

Market Manipulation

The digital asset market is sometimes manipulated by large investors (known as ‘whales’) or through schemes like pump-and-dump or wash trading. Since the digital asset market is less regulated compared to traditional markets, such tactics are relatively more common. **Knowing the signs of manipulation helps protect your investments.**

Protective measures

- ✓ Recognize the signs of a pump-and-dump scheme, such as sudden price spikes without any discernible reason.
- ✓ Spread your investments to lessen the impact of market manipulation.

Cybersecurity Threats

While blockchain, the technology behind digital assets, is secure, traders nevertheless face cybersecurity risks. **High-profile hacks of exchanges and individual wallets highlight the importance of adopting strong personal security practices and choosing trustworthy trading platforms.**

Security tips

Use hardware wallets for storing large amounts of digital assets. Keep your security software updated and use multi-factor authentication.

Liquidity Concerns and Volatility

Liquidity refers to the ease with which assets can be bought and sold without negatively impacting the market price. Managing liquidity can be challenging, especially for less popular digital currencies. Understanding an asset's liquidity and the market depth is crucial to avoid losses during rapid market changes.

Managing liquidity

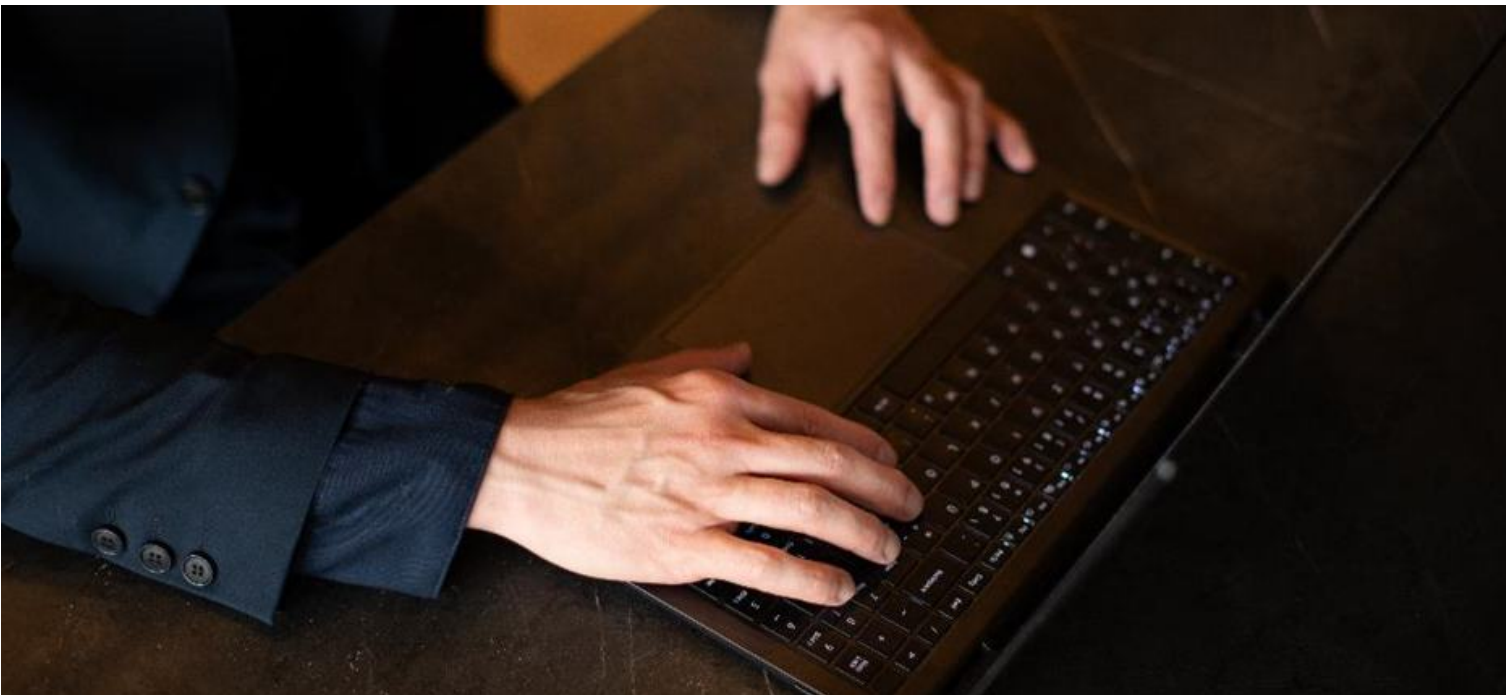
- ✓ Set limit orders to control the maximum price change you are willing to accept.
- ✓ Keep an eye on the order book to gauge liquidity levels before making large trades.
- ✓ Use stop-loss orders to limit potential losses.
- ✓ Stick to a well-planned trading strategy to avoid impulsive decisions

Operational Risks

We depend on exchanges and platforms for trading. When these platforms experience issues like outages, this can affect trade execution. It is important to be prepared for such situations.

Preparation strategies

- ✓ Use multiple exchanges to distribute operational risks.
- ✓ Stay informed about the platforms you use to anticipate and react to problems.



CHAPTER 6

The Future of Digital Asset Trading

The landscape is constantly changing, with exciting new developments that are transforming how we trade.

Trading digital assets is like navigating a boat on a fast-moving river in the dark. You need to be aware of the risks, but with the right knowledge and strategies, these risks can be managed. The challenge of successfully mastering these risks adds to the excitement and potential rewards of digital asset trading. In the spirit of looking ahead, this chapter of the book covers five key future trends that are predicted to decisively shape this vibrant market.

These are:

01

The Evolution of Trading Platforms and Technology

02

(More) Regulatory Changes and Compliance Measures

03

Expansion of Asset Types and Tokenization

04

Innovations in Investment Strategies and Financial Products

05

The Increasing Impact of Digital Assets on the Overall Economy

The Evolution of Trading Platforms and Technology

Advancements in financial technology (fintech) mean ever more user-friendly and powerful trading platforms. In the future, we can expect interfaces that are easy to use and equip traders with more advanced tools than are available today.

Artificial intelligence (AI) and machine learning are leading the way in automating market analysis, providing traders with sophisticated insights and automated strategies. These improvements are also coming to smartphones, meaning the same powerful trading capabilities right in your pocket.

At the same time, developments in blockchain technology are enhancing security and transparency in trading. DeFi (Decentralized Finance) platforms are gaining in prominence and widening the scope of tradable assets. In the near future, traders might even use VR headsets for a more immersive trading experience. Improvements in the speed and capability of blockchain networks mean they are ready to support traders' increasingly sophisticated demands.

(More) Regulatory Changes and Compliance Measures

As the world of digital trading expands, so does the need for clear regulatory frameworks. **In the future, we can expect global standards that ensure fairness and transparency in digital asset trading.** A coordinated approach to regulation across countries will help address the challenges associated with international trading.

There will be a stronger focus on fighting financial crime, with stricter KYC (Know Your Customer) and AML (anti-money laundering) processes. **Clearer tax guidelines will make things less confusing for traders and investors.** The establishment of so-called 'regulatory sandboxes' will allow new services to be tested without full regulatory pressure. Meanwhile, specific licenses for digital trading platforms will enhance safety through regulation.



Expansion of Asset Types and Tokenization

The range of digital asset types is currently expanding to include security tokens and stablecoins, broadening the trading market. Imagine being able to own and trade portions of physical assets such as art, gold, or even houses. **Non-fungible tokens (NFTs) are redefining digital ownership by making this possible, including by monetizing intellectual property in novel ways.** NFTs are unique digital identifiers that have been tokenized through blockchain technology and that cannot be subdivided or copied. They are used to certify authenticity and ownership.

For its part, traditional finance is beginning to embrace such tokenized assets, leading to the development of CBDCs (central bank digital currencies). Technology is also breaking down barriers, allowing assets on different blockchains to interact and bringing more unity to the digital asset market.

Innovations in Investment Strategies and Financial Products

Innovation is king in the digital asset market, especially when it comes to trading methods. **High-frequency trading algorithms are now available not just to experts but to keen individual investors.**

As new tools enter the market, risk management for digital asset portfolios is advancing. Crowdfunding and ICOs (initial coin offerings) are making investment opportunities more accessible. Meanwhile, DAOs (decentralized autonomous organizations) offer a decentralized approach to investment management.

The Increasing Impact of Digital Assets on the Overall Economy

Digital asset trading is increasingly exerting significant influence on the global economy and societal trends. As digital assets become more mainstream, their value grows in tandem with their growing impact on the overall economy. **Digital assets, once popular only among niche investors, are now a key part of a new financial paradigm centered around financial inclusion and capital access.**

Digital assets are at the forefront of evolving the financial system, offering not just an alternative but a potential challenge to traditional finance.

CHAPTER 7

Conclusion and Key Takeaways

The digital asset trading field is entering a transformative phase.

Advances in technology, proactive regulatory measures, a diverse range of tradable assets, innovative investment methods, and the influence of societal and economic factors are all shaping its future path.

The following pages contain the top five takeaways from this first e-book of the series. While the various trading offerings and factors to consider may at first feel overwhelming, anyone can learn to trade with the correct support.

If you would like to claim your stake in this fast-moving environment, the next e-book in the series, 'Insights Into Managed Trading,' serves as an indispensable starting point for carving out a successful path without a high time investment.



Key Takeaways

01

Managed trading is an investment approach in which decisions are made for you by professional fund managers or advisers. By contrast, in personal trading, traders invest independently based on their trading knowledge and judgement of the market.

02

The digital asset market is distinguished by its global accessibility, tendency towards decentralization, dynamic regulatory landscape, technological advancements, and the complexity and volatility of digital assets themselves.

03

To successfully trade digital assets, you must choose the right platform, develop a trading strategy, master trade execution and order types, stay compliant with regulations, and understand how to stay secure.

04

Challenges and risks in digital asset trading revolve around regulatory uncertainty, market manipulation, cybersecurity threats, liquidity concerns, and operational risks.

05

The future of digital asset trading will be decisively shaped by artificial intelligence and machine learning, innovative algorithmic financial products, tokenization, and regulatory changes.

CHAPTER 8

Glossary

Glossary

You can also visit our glossary online: www.teroxx.com/learn/glossary

A **Anti-money laundering (AML)**

Anti-money laundering (AML) refers to regulations and procedures designed to prevent the process of illegally concealing the origins of money obtained through criminal activities. In the context of digital asset trading, adherence to AML guidelines and Know Your Customer (KYC) policies is essential for maintaining legal compliance and safeguarding investments from illicit financial activities.

Asset(s) / Digital asset(s)

An asset typically refers to any resource with economic value that an individual, company, or entity owns or controls and that can be used to generate future benefits. In the context of digital asset trading, digital assets are assets that exist in electronic form and are stored digitally, such as cryptocurrencies, digital tokens, or digital representations of real-world assets like art or property. These assets rely on blockchain or similar technology for security and verification.

B **Bitcoin**

Bitcoin is a decentralized digital currency that was introduced in 2009 and pioneered peer-to-peer transactions without the need for intermediaries like banks. As the first cryptocurrency to enter the market, Bitcoin revolutionized the concept of digital value exchange and sparked the growth of the digital asset market. In doing so, it also prompted increased scrutiny and attempts at regulation from governments and regulatory bodies worldwide.

Blockchain

A blockchain is an open, decentralized digital ledger that records transactions across a network of computers in a secure and transparent manner. Each transaction, or 'block,' is linked to the previous one to form a chronological chain of blocks. This gives rise to the name 'blockchain.' This technology enables secure and immutable record-keeping, with applications ranging from cryptocurrencies like Bitcoin to supply chain management and voting systems.

C**CBDCs (central bank digital currencies)**

Central bank digital currencies (CBDCs) are digital forms of national currencies issued by central banks. They enable electronic payments and transactions while maintaining the backing and stability of traditional fiat currencies.

Centralized exchanges (CEXs)

Centralized exchanges are platforms where users can buy, sell, and trade cryptocurrencies and other digital assets, with transactions facilitated by a central authority or intermediary.

Consensus mechanisms

Consensus mechanisms are protocols used in blockchain networks to achieve agreement among participants on the validity of transactions and the state of the ledger. This ensures the integrity and security of the network without the need for a central authority.

Crowdfunding

Crowdfunding is a method of raising capital for projects or ventures by collecting small contributions from a large number of individuals, often via online platforms. It enables supporters to invest in or donate to projects they believe in.

Cryptocurrency

A cryptocurrency is a type of digital or virtual currency that uses cryptography for security and operates on decentralized networks based on blockchain technology. Unlike traditional currencies, cryptocurrencies are typically not issued by a central authority such as a government or central bank. Instead, they rely on an open, distributed ledger to record transactions. They can be used for various purposes, including online purchases, investments, and as a medium of exchange.

D**DAOs (decentralized autonomous organizations)**

Decentralized autonomous organizations (DAOs) are organizations run by code and smart contracts on a blockchain. They allow for decentralized decision-making and governance without the need for centralized management.

Decentralized exchanges

Decentralized exchanges are platforms that enable peer-to-peer trading of cryptocurrencies and digital assets directly between users. They remove the need for intermediaries or central authorities, thereby enhancing privacy and security.

Decentralized finance (DeFi)

Decentralized finance (DeFi) refers to a variety of financial services and applications that are built on blockchain technologies. The goal of DeFi is to create open, permissionless, and transparent financial systems that enable activities such as lending, borrowing, trading, and investing without traditional intermediaries like banks.

H Hash rate

Hash rate refers to the speed at which a computer or network can perform the cryptographic calculations required to mine cryptocurrency blocks or validate transactions on a blockchain. The hash rate is a measure of the computing power dedicated to a blockchain network and is often expressed in hashes per second (H/s), kilohashes per second (kH/s), megahashes per second (MH/s), gigahashes per second (GH/s), or terahashes per second (TH/s), depending on the scale of the network's operations. A higher hash rate indicates greater computational power and network security.

I ICOs (initial coin offerings)

Initial coin offerings (ICOs) are fundraising events in which new cryptocurrencies or tokens are sold to investors in exchange for established cryptocurrencies or fiat currencies. ICOs enable blockchain projects to raise capital for development, but come with risks such as regulatory uncertainty and potential for scams.

K Know Your Customer (KYC) policies

Know Your Customer (KYC) policies are procedures and regulations implemented by financial institutions and other businesses to verify and authenticate the identity of their customers. KYC measures typically involve collecting personal information - such as identification documents and proof of address - to prevent fraud, money laundering, and terrorist financing activities. This ensures compliance with legal and regulatory requirements.

L Layer 2

Layer 2 refers to any scalability solution built on top of an existing blockchain network. Layer 2 solutions aim to improve transaction throughput and reduce fees by processing transactions off-chain or in a more efficient manner.

Limit orders

Limit orders are instructions placed by traders to buy or sell assets at a specified price or better. These orders are executed only if the market price reaches the specified level, allowing traders to set precise entry and exit points for their trades.

Liquidity mining

Liquidity mining is a mechanism used in decentralized finance (DeFi) protocols to incentivize users to provide liquidity to trading pools or lending platforms by rewarding them with tokens. Users contribute their assets to these platforms to facilitate trades or loans and help maintain liquidity in the ecosystem. The tokens are given in return.

M Managed trading

Managed trading refers to a type of service whereby professional traders or investment firms manage the trading activities of clients' accounts on their behalf, typically for a fee or a share of profits. This approach allows investors to leverage the expertise and experience of professional traders while diversifying their investment portfolios as desired and mitigating the need for active involvement in trading decisions.

Market orders

Market orders are instructions given by traders to buy or sell assets at the current market price. Unlike limit orders, which specify a desired price for execution, market orders are executed immediately at the best available price in the market. They ensure swift execution, but may result in trades being executed at prices slightly different from the current market quote. This is particularly the case in volatile markets.

N NFTs (non-fungible tokens)

Non-fungible tokens (NFTs) are unique digital assets that are stored on a blockchain and represent ownership or proof of authenticity of digital or physical items, such as art, music, videos, or collectibles. Each NFT has distinct characteristics and cannot be replicated, making them valuable for creators and collectors in digital markets.

P Personal trading

Personal trading involves individuals buying and selling financial assets for their own investment goals, based on their own research and analysis. It differs from managed trading in that it is carried out independently of a financial institution. It reflects the personal trader's individual risk tolerance and investment strategies.

Pump-and-dump

Pump-and-dump refers to a type of scheme whereby the price of an asset is artificially inflated (pumped) through misleading information or hype. This is followed by a coordinated sell-off (dump) to profit at the expense of unsuspecting investors.

S **Security tokens**
Security tokens are digital tokens representing ownership of assets such as real estate or company shares. These tokens often adhere to securities regulations, providing investors with certain rights and protections.

Stablecoins

Stablecoins are cryptocurrencies designed to maintain a stable value by pegging their price to an underlying asset like fiat currency or commodities. In this way, they provide a reliable means of transferring value and hedging against volatility in the cryptocurrency market.

Stop-loss orders

Stop-loss orders are instructions issued by traders to automatically sell an asset if its price falls to a specified level. They help to limit potential losses and manage risk in volatile markets.

T **Token(s)**
Tokens are digital assets representing ownership, utility, or access rights within a blockchain-based ecosystem. They are often used in crowdfunding, decentralized finance (DeFi), and other applications.

Tokenized / Tokenization

'Tokenization' refers to the process of converting assets, such as NFTs, into digital tokens using blockchain technology ('tokenizing'), ensuring each unit's uniqueness and preventing replication or division. These tokens serve as proof of ownership and authenticity within the digital space.

Trading

Trading involves buying and selling financial assets such as stocks, bonds, or cryptocurrencies with the aim of generating profits through speculation, analysis, and market timing.

W **Wash trading**
Wash trading refers to the practice of artificially inflating trading volumes by repeatedly buying and selling the same asset to create the illusion of activity. It is often used to manipulate market perceptions or attract investors.

Whales

Whales are individuals or entities holding large amounts of cryptocurrencies or other assets. Due to their significant holdings, they are capable of influencing market prices through their buying or selling activity.

Y**Yield farming**

Yield farming is a practice in decentralized finance (DeFi) whereby users leverage a range of protocols and strategies to maximize their returns by providing liquidity, staking assets, or participating in other yield-generating activities within blockchain networks.

Please Note

This e-book series is an advertorial for Teroxx. Founded in 2018, Teroxx is a boutique digital asset trading company serving private customers and institutional investors across Europe. It is among the first companies to have achieved wallet exchange and custodian authorizations in Lithuania, a European fintech hub.

The e-book series and its contents constitute neither a recommendation to enter into particular investments nor a recommendation to pursue a particular investment strategy. The information given is intended solely as an educational tool and by way of example.

Thank You for Reading

The Future Starts Now

www.teroxx.com

Follow Us

[linkedin.com/company/teroxx/](https://www.linkedin.com/company/teroxx/)

[instagram.com/teroxx.official](https://www.instagram.com/teroxx.official)

[facebook.com/teroxx.official](https://www.facebook.com/teroxx.official)

[youtube.com/@teroxx.official](https://www.youtube.com/@teroxx.official)