

Founded in May 2017, Kucoin is a cryptoasset exchange platform aiming to offer low-cost trading for users. The ultimate goal is to transition to a decentralized exchange platform.

KuCoin Shares (KCS) is an ERC20 token used on the platform for trading discounts, referral bonuses, and dividend payouts. The project intends to repurchase 50% of total supply and remove it from circulation over time.

Project Overview

Name	KuCoin
Issuer	KuCoin Co., Limited
Category	Platform
Sector	Exchange
Sale Start	08/15/2017
Sale End	09/01/2017

Token Overview

Name	KuCoin Shares
Symbol	KCS
Type	ERC20 token
Initial Distribution	100,000,000
Current Supply	100,000,000
Max Supply	200,000,000
Emission Type	Fixed

Resource Links

- [Website](#)
- [GitHub](#)
- [Twitter](#)
- [Reddit](#)
- [Whitepaper](#)

Project Background

KuCoin is a cryptoasset exchange that describes itself as a hybrid exchange integrating features of both centralized and decentralized exchanges. The long-term goal of the team is to transition to a fully decentralized exchange model.

Currently, the exchange operates through more of a centralized model, attempting to duplicate best practices in traditional asset exchanges including dedicated risk and compliance teams. These teams are responsible for internal controls and cross-departmental reviews aimed at reducing fraudulent activity on the platform.

KuCoin Shares (KCS) is a token used to reward users and attract new customers to the exchange. Users holding a specified amount of KCS in their account are eligible for discounts on trading fees. Furthermore, holders of KCS receive a daily dividend, called a KuCoin bonus, equal to 50% of trading fees on the exchange. Those that have referred new users to the platform are eligible to receive 40% of fees while the exchange retains the remaining 10%. Dividends are paid in whichever token was the most traded during the day.

To encourage referrals, each user receives a registration link they can share. Referral bonuses are paid for both direct and indirect activity. Users receive bonuses for both the activity of their direct referrals as well as the activity from any new users their referrals add to the platform. Users holding enough KCS in their exchange account receive a discount on trading fees. KCS held off-exchange is not eligible for this rebate program. Additional benefits such as a personal investment consultation and expedited customer service are offered to users on a tiered basis as they increase their KCS holdings.

While trading rebates and referrals are the current use case for KCS KuCoin plans to use the token for transaction fees once they launch a fully decentralized platform. Current trading fees on the exchange are 0.1% at the time of this report.

Technology

KuCoin was created using the guidelines for regulated financial institutions in Hong Kong. All user data is encrypted and stored in line with these standards. To minimize the chances for disruptions the operations team is split between two sites in Hong Kong and Singapore. Three data centers are maintained with overlapping functionality so operations for the entire business can be run using any of the centers.

The trading system is designed to handle high trading volumes, up to one million orders per second, through desktop and mobile interfaces.

KuCoin uses multiple wallets with varying levels of security based on the time frame for transactions. Micro-transactions are supported through a multi-firewall private network built on Amazon Web Services. KuCoin employees are provided with a unique cipher code to initiate withdrawals from the wallet. Longer term holdings are stored in bank custody with multiple signatures via independent private keys required to access them.

Withdrawal requests are first inspected using an internal artificial intelligence algorithm designed to process transactions instantly while still maintaining risk and security measures. KuCoin also offers multifactor authentication for transactions.

KuCoin hopes to release a feature whereby exchange participants can self-register new cryptocurrency pairs and start trading automatically to help reach the goal of having 1,000 tokens listed and a daily exchange volume exceeding 100,000 BTC by December 2018.

Tokens that fail to meet ongoing listing standards are not immediately delisted on the exchange but are instead put under special treatment rules. Projects may fall under this classification if they are likely to cease activities during the next three months, fail to have enough volume to make markets, appear insolvent, fail an audit, fail to report details in a timely fashion, engage in malicious market activities, dissolve the founding team, or any other reason at the discretion of KuCoin.

Projects in special treatment are designated as such on the platform, so exchange participants are aware the associated token is a candidate for delisting.

At the end of the observation, period tokens are delisted if they continue not to meet the volume required for listing or the project does not take the necessary actions to remedy the reason special treatment was applied. Alternatively, if a project passes the review, it is restored to the platform in good standing, and the special treatment designation is removed.

Distribution

KuCoin completed a public token sale on Sept. 1, 2017, creating 200 million KCS following the sale. The public sale was conducted from Aug. 15, 2017, to Sept. 1, 2017, with participants receiving 50% of total supply (100 million KCS).

Founders were allocated 35% of total supply (70 million KCS) subject to a vesting period. Starting Sept. 2, 2018, 25% of allocated tokens will be available for sale on an annual basis ending on Sept. 2, 2021. Early investors, "influencers," and consultants were allocated 15% of supply (30 million KCS) which is locked until Sept. 2, 2019.

KuCoin intends to buyback and destroy 50% (100 million) of the token supply over time resulting in a long-term fixed supply of 100 million KCS once the buyback is complete. The funds to facilitate the buyback program comes from the 10% of trading fees from exchange operations it plans to retain. Buybacks are published to the KCS blockchain explorer, allowing holders to confirm the purchases are meeting KuCoin's announced objectives.

Team

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Additional Resources

- [Blockonomi Review](#)
- [KuCoin Markets](#)

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