

The Crypto.Com Chain is not compliant with Ethfinex guidelines

Context:

Ethfinex proposes a badge to tokens who comply with a set of guidelines published here :

<https://ipfs.kleros.io/ipfs/QmVzwEBpGsbFY3UgyjA3SxgGXx3r5gFGynNpaoXkp6jenu/Ethfinex%20Court%20Policy.pdf>.

Claim:

I claim that point 5.2 among guidelines is not fulfilled, thereby, Crypto.com Chain can't be granted with the Ethfinex badge.

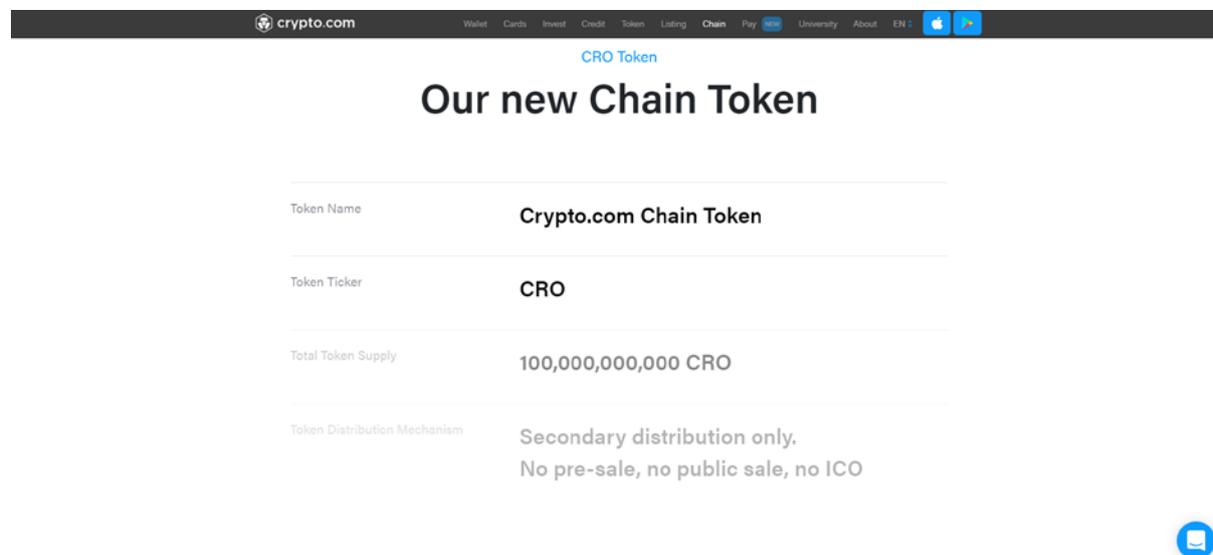
Evidences:

Point 5.2, about decentralization states: "At least 10% of the total supply is freely circulating in the market OR will be freely circulating after the token is released."

About total supply

Total supply of CRO token is 100,000,000,000 units as stated by:

- 1) The website of the issuer : <https://crypto.com/en/chain.html>



Token Name	Crypto.com Chain Token
Token Ticker	CRO
Total Token Supply	100,000,000,000 CRO
Token Distribution Mechanism	Secondary distribution only. No pre-sale, no public sale, no ICO

- 2) Etherscan.io (Ethereum explorer) : <https://etherscan.io/token/0xa0b73e1ff0b80914ab6fe0444e65848c4c34450b>
- 3) Ethplorer.io (Another Ethereum explorer) : <https://ethplorer.io/address/0xa0b73e1ff0b80914ab6fe0444e65848c4c34450b>

About circulating supply

1) Coinmarketcap.com method

We can see on coinmarketcap.com that the calculated circulating supply of Crypto.com chain tokens is 4 118 721 461 CRO to this day of 03/20/2019.

Methodology used by coinmarketcap.com in order to approximate circulating supply can be seen in point (7) of this webpage : <https://coinmarketcap.com/fr/methodology/>. It's reasonable to say that chances are low that circulating supply provided by coinmarketcap.com is off by a factor of 2.43, which is necessary in order to respect the 10% of the guidelines.

2) Blockchain analysis

A quick review of the Ethereum blockchain shows me that at least **95.88% of the total supply is detained by addresses that are directly controlled by the issuer.**

Both on etherscan.io and ethplorer.io can be seen the top holders of CRO tokens.

The screenshot shows the Etherscan.io interface for the Crypto.com Chain token. The top navigation bar includes the Etherscan logo, a search bar, and navigation links for Home, Blockchain, Tokens, Resources, and More. The main content area is titled 'Token Crypto.com Chain' and includes a 'Payment' button and a 'Crypto Loan' button. The 'Overview [ERC-20]' section displays the following data:

PRICE:	MARKET CAP
\$0.0702 @ 0.000508 Eth (+ 1.29%)	\$7,020,966,760.00

Additional overview data:

- Total Supply: 100,000,000,000 CRO
- Holders: 19,858 addresses
- Transfers: 40,889

The 'Profile Summary' section provides the following details:

- Contract: 0xa0b73e1ff0b80914ab6fe0444e65848c4c34450b
- Decimals: 8
- Official Site: <https://www.crypto.com/en/chain>
- Social Profiles: [Icons for various social media platforms]

The 'Holders' section is active, showing a 'Token Holders Chart' and a table of the top 1,000 holders (from a total of 19,858 holders). The table is paginated to 'Page 1 of 20'.

Rank	Address	Quantity	Percentage
1	0x35f517cab9a37bc31091c2f155d965af84e0bc85	26,547,945,205.4795	26.5479%
2	0x71507ee19cbc0c87ff2b5e05d161efe2aac4ee07	20,000,000,000	20.0000%
3	0x22e4f709fd5e7fe246bf7e714ae89bdab7e2a5d	20,000,000,000	20.0000%
4	0xdda508f9f3c1b4ca39c8794df3a080298ebe9c55	20,000,000,000	20.0000%
5	0x67703f7d089f3ac7c8c13a18b2381cbd7ee3eded	9,333,333,333.33333	9.3333%
6	0x5b0cc5672276f6ebf5c783f6a0cee89870155471	500,000,000	0.5000%
7	0x1404f9b3e57c2f0b3d8e772974c1c7d7bdc0bc02	349,404,724.116248	0.3494%

I investigated the 5 first addresses:

- [0x35f517cab9a37bc31091c2f155d965af84e0bc85](#) => 26.5479% of total supply
- [0x71507ee19cbc0c87ff2b5e05d161efe2aac4ee07](#) => 20%
- [0x22e4f709fd5e7fe246bf7e714ae89bdab7e2a5d](#) => 20%
- [0xdda508f9f3c1b4ca39c8794df3a080298ebe9c55](#) => 20%
- [0x67703f7d089f3ac7c8c13a18b2381cbd7ee3eded](#) => 9.33333333%

They represent 95.88% of total supply. To show why tokens in these addresses are not part of the circulating supply, a quick explanation of my method is necessary.

By circulating supply is intended tokens that are freely exchanged in the market. This definition can be subjective, we must consider tokens that are possessed by custodial companies who can aggregate tokens in large quantities in addresses, without legally have ownership of tokens on it. Thereby, **in most cases**, on-chain addresses can't be reliable to tell about distribution of a token without further investigation.

But one case exists, which clear all doubts about ownership, it's when all tokens from an address are coming from the initial minting process of the token.

And that is precisely the case for the 5 addresses listed above. All funds are here from minting, they chose the "from address" of the minting process, the genesis address [0x00](#) which is a common convention.

It's no surprise that we found these 5 addresses by looking at the genesis address itself : [0x00](#)

We conclude that these addresses are owned by the issuer, there is no way they belong to a custodial exchange. All tokens still inside can't be considered as in the circulating supply.

Conclusion

By still controlling and stacking 95.88% of the total supply, Crypto.com Chain doesn't fulfilled point 5.2 of the guidelines, which leads to a denial of the badge.