Teroxx

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The Paradigm Shift In Exchange Listings

A comprehensive special report on the broken narrative of centralized exchanges, the structural risks of modern tokenomics, the economic strangleholds of the listing process, and the regulatory realignment of utility tokens under MiCA regulation.

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Authors & Acknowledgements

Jannick Broering, Head of Investment Advisory & Research at Teroxx

This report is a product of Teroxx Research, a research team within Teroxx, the leading provider of financial services in the digital assets, cryptocurrency, and blockchain technology sector. Teroxx Research provides top-tier market commentary, thematic views, tactical insights, and deep protocol research.

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1. Introduction

The historical narrative surrounding "crypto exchange listings" has undergone a fundamental erosion. While listing a digital asset on a leading centralized trading platform (CEX) such as Binance, OKX, or Bybit was regarded in previous market cycles as the undisputed "holy grail" of liquidity, prestige, and long-term success, the empirical reality of 2024 to 2026 tells the opposite story. The listing architecture has evolved into an asymmetric market design that systematically disadvantages retail and institutional secondary-market investors while forcing founding teams into economic dependency.

Under the dominance of the so-called "high FDV / low float" model, newly listed tokens are frequently inflated artificially, only to collapse structurally in the months following the trading launch under the pressure of continuous token unlocks and declining trading volumes. This report demonstrates, on a data-driven basis, that the listing process itself often amounts to a partial economic expropriation of projects. The multimillion-dollar fees demanded by exchanges, the substantial token levies for launchpools, and the compulsory market-maker loans mean that listings are, in the rarest of cases, still profitable. For genuine ecosystem and utility tokens, this step into the speculative secondary market represents a misallocation of purpose that contradicts both the technological intent of the issuing company and gives rise to significant liability and reclassification risks under the European MiCA regulatory framework.

2. The Historical Evolution of Exchange Listings: From Holy Grail to Exit Event

In the earlier cycles of the digital asset market (approximately 2017–2021), the "Binance effect" was regarded as an almost mathematically guaranteed catalyst for a project's success. A listing meant access to millions of liquid retail investors, global visibility, and immediate arbitrage efficiency. Projects pursued a stock exchange listing as their highest priority in order to transform volatility into stable and sustainable trading volume.

In the current market phase, this paradigm has changed entirely. For the majority of digital assets, a listing on a major CEX no longer marks the beginning of a sustainable growth phase, but frequently marks the cyclical—and in many cases also the long-term—price peak. The reasons lie in a shifted incentive structure: venture capital investors (VCs) and platforms have downgraded the public trading launch into a pure liquidation event (exit event). Rather than fostering genuine value and organic price discovery, listings now serve primarily to cash out early investors at the expense of retail investors. This has led to a profound crisis of confidence, through which the narrative of crypto exchanges as a driver of investor wealth has been definitively broken.

3. Anatomy of the Listing Process: The Hidden Economic Capitulations

Behind the scenes of a Tier-1 or Tier-2 exchange listing lies a highly competitive ecosystem. Exchanges are often not directly interested in the project itself, but rather in the profit and opportunities that come with it. The process is standardized, yet it forces projects into concessions that massively jeopardize the long-term financial health of the protocol, the company, and the token ecosystem. A typical listing proceeds through the following steps, each demanding drastic concessions of sovereignty:

- Listing Fees (Upfront Capital): Large centralized exchanges demand direct listing fees for a listing, which for Tier-1 exchanges often range between USD 500,000 and USD 2,500,000, frequently payable in stablecoins (USDT/USDC). This capital is immediately lost to the project and is no longer available for technological development.
- The "Token Tax" (Launchpool and Marketing Levies): In addition to the cash fees, exchanges require the free assignment of a significant portion of the total token supply (often between 3% and 7% of total supply). These tokens are used for "launchpools," "airdrops," or the exchange's own staking programs. CEXs thereby generate substantial trading volume and new users for their own platforms, while the project must accept massive, uncontrolled dilution of its token supply on day one. Exchanges thereby gain structural control over the order book.
- Compulsory Market-Maker Loans and Call Options: No CEX lists an asset without the mandatory integration of an approved market maker (e.g., Wintermute, GSR, DWF Labs). The project is contractually obligated to provide these market makers with interest-free token loans worth several million dollars. These loans are almost always coupled with extremely favorable call options priced far below the issue price. These market makers control spreads and artificially fill order books. However, since they primarily maximize their own profit, they frequently use the loans to execute short sales or to push holdings into the market during periods of high retail demand, which massively distorts and caps the organic price trajectory.
- Liquidity and Volume Requirements: Following the listing, the project is by no means guaranteed permanent tradability on the given venue. Contracts contain clauses concerning minimum trading volumes and maximum spread sizes. Should organic interest decline, the token team or company is forced to deploy its own capital (typically stablecoins) to fill the order books itself and simulate artificial volume (wash trading). If these requirements can no longer be financially sustained, an immediate, publicly visible delisting looms—a step that exchanges, including Binance, frequently communicate publicly—which can further damage the project's reputation.

This interplay makes clear that CEX listings are, in the rarest of cases, economically lucrative for projects. The capital invested and the volume of tokens surrendered far exceed the real value of the liquidity provided in return. The exchange always wins; the project only in a few exceptional cases.

4. Empirical Evidence: Performance Analysis of 20 Representative Token Listings (2024–2026)

The following quantitative survey documents the systematic erosion of investor capital across a broad cohort of the 20 most prominent token listings on centralized and decentralized exchanges over the period 2024 to 2026. It shows that, irrespective of sector—whether political memecoin, infrastructure, Layer-2, or GameFi—secondary-market performance following the listing exhibits a devastating downward dynamic.

Price development 2025

Asset Name	Asset Category / Segment	Listing Month	Initial Float	ATH	Current (July 2026)	Perf. Since ATH
World Liberty Financial (WLFI)	DeFi Governance / Utility	September 2025	~20%	$0.46	$0.06	-87.39%
Melania Meme Token (MELANIA)	Politischer Memecoin	January 2025	~95%	$13.73	$0.07	-99.47%
Trump Coin (MAGA)	Politischer Memecoin	Mid-2024	~100%	$17.50	$1.85	-89.43%
Starknet (STRK)	Layer-2 Skalierung (ZK)	February 2024	7.20%	$3.66	$0.31	-91.53%
Wormhole (W)	Cross-Chain Interoperabilität	April 2024	6.00%	$1.61	$0.18	-88.82%
LayerZero (ZRO)	Omnichain Messaging	June 2024	11.00%	$5.60	$3.20	-42.86%
EigenLayer (EIGEN)	Ethereum Restaking Layer	October 2024	11.30%	$4.53	$2.15	-52.54%
Jupiter (JUP)	Solana DEX Aggregator	January 2024	13.50%	$1.84	$0.72	-60.87%
Hamster Kombat (HMSTR)	Telegram Tap-to-Earn	September 2024	64.30%	$0.01	$0.00	-91.67%
Catizen (CATI)	Telegram Web3 Gaming	September 2024	15.00%	$1.11	$0.28	-74.77%
Notcoin (NOT)	Telegram Mini-App Token	May 2024	100.00%	$0.03	$0.01	-79.31%
ZKsync (ZK)	Layer-2 Rollup (ZK)	June 2024	17.50%	$0.32	$0.10	-70.31%
Portal (PORTAL)	Cross-Chain Web3 Gaming	February 2024	16.70%	$4.30	$0.22	-94.88%
Aevo (AEVO)	Dezentrale Derivate (DEX)	March 2024	11.00%	$3.76	$0.34	-90.96%
Omni Network (OMNI)	Interoperabilitäts-Layer	April 2024	10.40%	$54.20	$6.80	-87.45%
Saga (SAGA)	Web3 Gaming Layer-1	April 2024	9.00%	$7.89	$1.15	-85.42%
Ethena (ENA)	Synthetisches Dollar-Protokoll	April 2024	14.20%	$1.52	$0.33	-78.29%
Tensor (TNSR)	Solana NFT Marketplace Token	April 2024	12.50%	$2.45	$0.41	-83.27%
IO Research (IO)	Dezentrales KI-Rechennetzwerk	June 2024	12.00%	$6.50	$1.45	-77.69%
Pixelverse (PIXFI)	Cyberpunk GameFi Mini-App	July 2024	10.00%	$0.10	$0.01	-94.90%

Source: Teroxx Research

The empirical data matrix exposes the underlying negative structural tendency. Even technologically well-regarded Layer-2 infrastructures such as Starknet (STRK) fell by more than 91% following their CEX debut. This was driven by the combination of an initial float of just ~7% and substantial subsequent token unlocks. Similar dynamics were recorded for heavily capitalized interoperability tokens such as Wormhole (W), at -88.82%, and gaming infrastructures such as Portal, at -94.88%.

This phenomenon is particularly stark in the segment of Telegram-based mini-apps (tap-to-earn). While Hamster Kombat (HMSTR) and Catizen (CATI) launched simultaneously on all major CEXs in September 2024 amid enormous media attention, their prices collapsed by 91.6% and 74.7% respectively, driven by immense selling pressure and the inability of exchange market makers to generate organic demand. This data demonstrates that the liquidity of a CEX is no shield against a lack of fundamental sustainability, but instead often accelerates the downward trend through algorithmic trading systems.

When these developments are compared with that of Bitcoin, it becomes clear that the token listings of recent years exhibit a price performance and volatility comparable to Bitcoin's position between 2011 and 2015. The investment landscape at that time was characterised by highly speculative market participants and short-term holding intentions. Sustainable substance only entered the markets considerably later.

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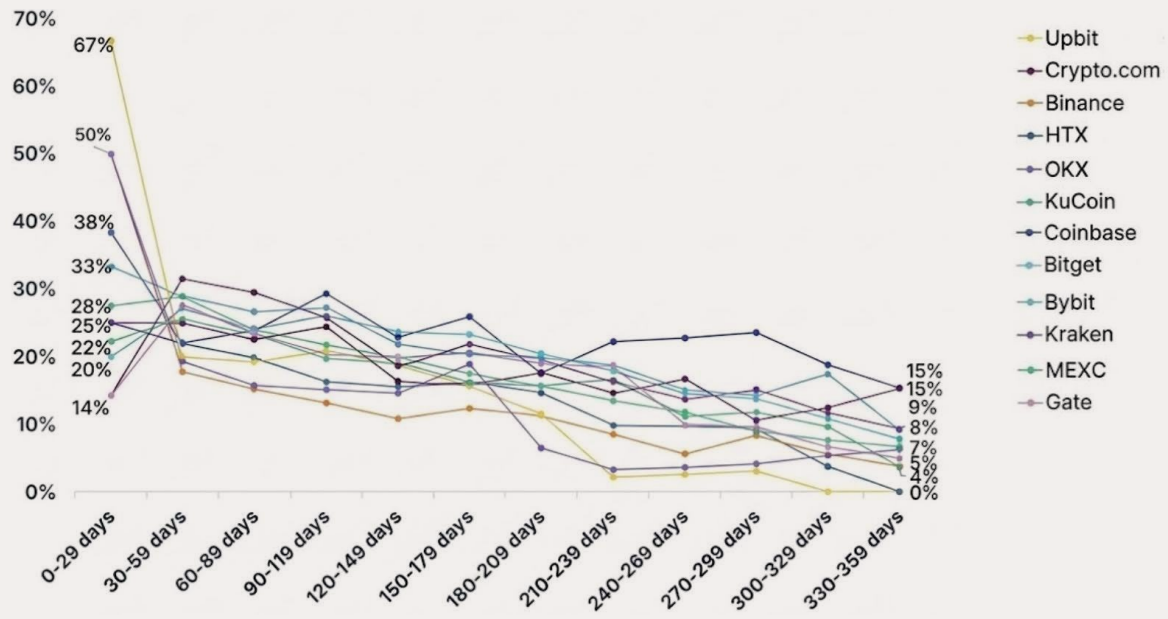
Centralized Exchange Post-Listing Price Action (Jan2025-Feb2026)



Source: Coingecko, Teroxx Research

5. Structural Weaknesses of the Modern Listing Architecture

To understand why exchange listings have systematically failed in recent years, the underlying market-structural flaws must be isolated and analyzed. The Teroxx Research Team has identified four primary structural weaknesses:

- 1. The "High FDV / Low Float" Asymmetry
  Modern digital asset projects launch with astronomically high fully diluted valuations (FDV), while on the first day of listing only a tiny fraction of the supply (often just 5% to 11%) actually circulates (low float). This creates an artificial supply scarcity intended to drive the price sharply upward at launch. However, once the contractually agreed monthly token unlocks for VCs and the team begin, continuous new supply flows into the market. As organic demand often declines over the medium term, this immense dilution leads to a permanent, unstoppable price decline. This can be expressed mathematically in simple terms: if unlock supply exceeds pure buy volume, the token's price falls. Retail investors thereby simply function as the necessary "exit liquidity" for seed investors.
- 2. Conditions and Concealed "Rug Pulls" by Exchanges
  Centralized exchanges have monetized their monopolistic gatekeeper role. As outlined in Section 3, the contractual token-supply levies strip projects of significant sovereignty. In the past, exchanges have used these vast token holdings from launchpools and marketing reserves to artificially pump prices or sustain them for a period, before systematically selling the holdings back into the market. This amounts to an institutionalized rug pull, through which the project is financially drained before it can reach technological maturity.
- 3. Artificial Order Book and Market-Maker Requirements
  Exchanges obligate projects, under threat of immediate delisting, to comply with strict liquidity requirements. The multimillion-dollar, interest-free token loans, including favorable call options granted to market makers, create a highly manipulative price-formation structure. Market makers are not contractually bound to the project's long-term success, but instead optimize solely for their own trading profits by triggering stop-loss cascades and artificial volatility at the expense of token holders.
- 4. The Fundamental Misallocation of Purpose of Utility and Ecosystem Tokens
  A utility token is economically defined as a digital voucher or native fuel within a closed software ecosystem. An exchange listing completely severs the token price from its actual use. Instead of stable, calculable cost structures for the ecosystem's genuine users, the listing produces an extreme, externally induced wave of speculation. ONDO serves as a good example of this development.

A token used primarily for speculative trading on a CEX loses its functional applicability within the real ecosystem, since unpredictable price swings make economic use impossible. This runs entirely counter to the interests of the company and its investors, and dilutes the inherent logic of decentralized networks.

6. Regulatory Framework: MiCA and the Reclassification of Digital Assets

With the full entry into force of the European Regulation on Markets in Crypto-Assets (MiCA) at the end of December 2024, and a transitional period running until 1 July 2026, the legal landscape for token issuers has tightened dramatically. MiCA provides a strict, legally binding definition of a utility token:

"A utility token is a type of crypto-asset which is intended to provide access to a good or a service that is supplied by the issuer of that token."

Under MiCA guidelines, utility tokens explicitly may not constitute financial instruments and may not be marketed as investment objects. As soon as a project lists its token on a secondary trading platform and actively advertises price appreciation, yields, or speculative liquidity, it risks reclassification by the competent national authorities (NCAs—in Teroxx's case, this would be CySEC). Classification as an asset-referenced token (ART) or directly as a regulated security under MiFID II carries existential consequences: draconian own-funds requirements, an obligation to fully collateralize reserve assets, and personal liability risks for founders.

From a regulatory-policy perspective, a deliberate decision to forgo speculative exchange listings therefore represents the only legally secure path to preserving the status of a genuine, non-speculative utility token. Remaining within one's own closed ecosystem protects the asset from the wave of regulatory intervention, as it thereby preserves its character as a digital function undistorted.

7. Conclusion and Strategic Outlook

The empirical data and structural analysis presented in this report demonstrate unambiguously that the era in which an exchange listing represented a seal of quality and a value driver for investors has definitively come to an end. The economic conditions imposed by centralized trading platforms, the heavy involvement of market makers, and the low-float issuance model systematically create a long-term burden for digital assets and harm secondary-market investors. Under current conditions, a CEX listing is not a privilege but a substantial financial and strategic burden. At the same time, it should be noted that exceptions exist: not every listing is inherently negative.

For forward-looking, technologically sound infrastructures, a clear strategic imperative follows: sustainable success in 2026 is no longer defined by artificial speculative volume on external platforms, but by genuine activity, technological resilience, and measurable utility within one's own functioning ecosystem. Hyperliquid (HYPE), Solana (SOL), and Bittensor (through dilution protection of its token supply) illustrate this impressively. The deliberate decision against listing is therefore not a step backward, but an act of forward-looking asset protection and the highest regulatory prudence.

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