Introducing: Bitcoin-Pegged Token on BNB Chain

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We are launching tokens on BNB Chain that will be pegged to leading cryptocurrencies. This will start with a Bitcoin-pegged token that will be traded on Binance and proposed for trading on Binance DEX.

Binance will issue a number of crypto-pegged tokens on BNB Chain (BEP2 token format) in the coming days, starting with BTCB, a BEP2 token pegged to Bitcoin.

How does it work?

Pegged tokens such as BTCB, are 100% backed by the native coin in reserve, which is Bitcoin (BTC) in BTCB's case. The reserve addresses are published for anyone to audit. The blockchain offers a much easier way to audit a crypto reserve than a traditional bank balance tether.

A trading pair will be created on Binance.com between the pegged token and the native coin, e.g., BTCB/BTC.

Large buy orders will be maintained on the trading pair on Binance.com, with a price spread of around 0.1%. This provides an easy way for anyone to convert from the pegged token back into the native coin on Binance.com. If this buy order is filled, a new order will be placed while an equal amount of funds will be deposited from the reserve address into Binance.com. The sum of the buy order and the funds on the published reserve address will be bigger than the total supply of the pegged token, ensuring there is always 100% backing.

Benefits

The main benefit of offering crypto-pegged tokens is that, obviously, this makes available to Binance DEX traders the many coins that have their own blockchains and aren't native on BNB Chain. With the increase in the selection of tokens available on Binance DEX, there should be an increase in trading volume and liquidity, This would further increase the utility value of Binance DEX.

While this approach is more centralized than atomic swaps, we believe it provides a higher degree of ease-of-use to most traders. And most traders are already trusting Binance.com to hold their funds anyway. Compared to fiat tethering, crypto can provide a high degree of transparency so that anyone can audit the reserves publicly, any time they want.

We note that this centralized approach is not exclusive to cross-chain atomic swaps or other decentralized approaches, which can also be implemented in parallel. There are a few atomic swap solutions already being developed as we write this, and we always welcome more developers to join.

We encourage project teams to follow this approach and issue pegged token of their own coins on BNB Chain. For coins already listed on Binance.com, we will try our best (no guarantee) to facilitate a pegged/native pair.

BTCB

For BTCB, the BTC-pegged token on Binance, the BTC reserve address is:
3LYJfcfHPXYJreMsASk2jkn69LWEYKzexb

We have just reserved 9001 BTC and minted 9001 BTCB. https://explorer.binance.org/asset/BTCB-1DE

A trading pair on Binance.com for BTCB/BTC will follow in a day or so, and we will issue a proposal for DEX listing as well.

Happy trading.

- The Binance Team