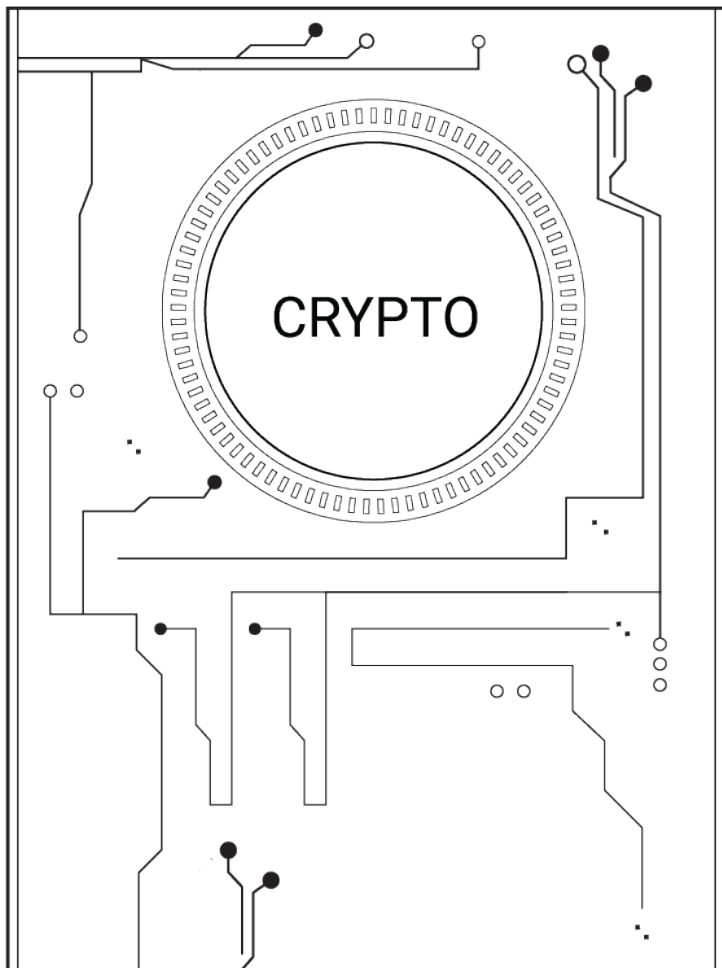# tastytrade

THE
COIN BIBLE

It's the 21st Century and the dawn of a new era of trading. But is your portfolio still partying like it's 1999? Digital assets can help diversify, expand, or even hedge your current portfolio, but how much do you know about the new crop of coins that have hit the market? Here's our quick get-started guide to learning the basics of the cryptocurrencies now offered on tastytrade. Find out which ones are right for you and your portfolio. And of course, if you have any questions our trade desk is ready to help. Happy trading!

tastytrade zero hash

THE
COIN BIBLE

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BITCOIN (BTC)

Introduced in 2009
Created by Satoshi Nakamoto

The world's first successful cryptocurrency. Bitcoin is a decentralized digital currency that you can buy, sell and exchange directly, without an intermediary like a bank. There is a finite supply, only 21 million bitcoins can be produced. The Bitcoin blockchain is a full record of the network's history validated by individuals running the Bitcoin software (nodes). This ensures that unlike most digital data, which can be freely copied and modified, bitcoins cannot be. Because bitcoins are scarce, divisible and transferable, bitcoins are used as money.

LITECOIN (LTC)

Introduced in 2011
Created by Charlie Lee

Litecoin can produce a greater number of coins than Bitcoin and its transaction speed is faster. Was intended to be a "light version of Bitcoin." Litecoin distribution can accommodate 84 million coins compared to Bitcoin's 21 million. Litecoin was founded with the goal of prioritizing transaction speed, and that has proven an advantage as it has grown in popularity. As of March 2021, the total value of all bitcoins in circulation is around $1 trillion, making its market cap more than 70 times larger than Litecoin, which has a total value of $13.7 billion.

BITCOIN CASH (BCH)

Established by miners in 2017

Bitcoin Cash was started by bitcoin miners and developers concerned with the future of the cryptocurrency and its ability to scale effectively. In August 2017, some miners and developers initiated what is known as a hard fork, effectively creating a new currency: BCH. BCH has its own blockchain and specifications, including one very important distinction from bitcoin. BCH has implemented an increased block size to accelerate the verification process, with an adjustable level of difficulty to ensure the chain's survival and transaction verification speed, regardless of the number of miners supporting it. Bitcoin Cash is thus able to process transactions faster than the Bitcoin network, meaning that wait times are shorter and transaction processing fees tend to be lower.

ETHEREUM (ETH)

Launched in 2015. Created by Vitalik Buterin

The decentralized Ethereum network makes it possible to create and run applications, smart contracts and other transactions on the network. Ethereum is different from Bitcoin in that the network can perform computations as part of the mining process. You can use Ether as a digital currency in financial transactions, as an investment, or as a store of value. Ethereum is the blockchain network on which Ether is held and exchanged. Perhaps one of the most intriguing use cases involving Ether and Ethereum are self-executing contracts, or so-called smart contracts. Like any other contract, two parties make an agreement about the delivery of goods or services in the future. Unlike conventional contracts, lawyers aren't necessary: The parties code the contract on the Ethereum blockchain, and once the conditions of the contract are met, it self-executes and delivers Ether to the appropriate party.

POLKADOT (DOT)

Introduced in 2020
Created by Gavin Wood

Polkadot is a "multi-chain" network that aims to connect different specialized blockchains into a single unified network. Blockchains that connect with Polkadot work in parallel as so-called "parachains". Its ultimate aim is to act as a framework for all blockchains that opt-in, a bit like how HTML allows sites, browsers, and servers to interact with each other. The two issues blockchain-based systems most need to solve are scalability—the number of transactions per second the network can handle—and governance: how the community manages protocol upgrades and changes. Polkadot aims to solve both of these problems. DOT, the internal token of the Polkadot network allows holders to vote on potential code changes, which then automatically upgrade across the network if a consensus is reached.

Dogecoin (DOGE)

Launched in 2013
Created by Bill Markus and Jackson Palmer

Dogecoin is an open-source cryptocurrency that was created to be a light-heartened alternative to Bitcoin. It started as a joke between the developers who were experimenting with blockchain and mining. Dogecoin is based off of the same technology that Litecoin uses, but differs because it has an unlimited supply. While many other cryptocurrencies are deflationary due to their limited supply, the lack of a cap on the number of Dogecoins means that it is an inflationary cryptocurrency. For this reason, the primary use case for Dogecoin is transactional, whether that's sending money directly to other users or purchasing goods. It has received a lot of attention from entrepreneurs like Mark Cuban and Elon Musk.
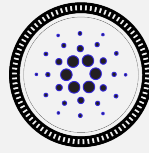
Cardano (ADA)

Launched in 2017
Created by Charles Hoskinson

Cardano is a proof-of-stake blockchain platform created to overcome the issues faced by many cryptocurrencies, which are scalability, interoperability, and sustainability. Cardano divides the validation work into epochs, or slots, to allow the proof-of-stake model to scale linearly with the number of users. Cardano uses a protocol to allow for interoperability, meaning it can communicate and share information easily with other blockchains. In order to keep the network self-sustainable, Cardano established a treasury that uses transaction fees to pay developers who make contributions to the network. Cardano is the blockchain that accomplishes all of this, while ADA is the token that carries value and is used on the network. ADA can be used to conduct peer-to-peer transfers, but more importantly, it can be used for staking as well as governance of the Cardano network. Users who choose to stake their ADA can be rewarded with additional ADA token rewards. Users may choose between establishing an ADA stake in an existing stake pool operated by other users, or they could establish an ADA stake by creating their own stake pool.

Solana (SOL)

Launched in 2019
Created by Raj Gokal and Anatoly Yakovenko

Solana is a proof-of-history blockchain platform whose purpose is to make cryptocurrency networks faster and more scalable. The dominant players in cryptocurrency, Bitcoin and Ethereum, operate on a proof-of-work platform to validate their transactions, which means computers compete against each other to solve a mathematical "puzzle" to update the blockchain. Conversely, newer crypto coins like Cardano operate a proof-of-stake platform to validate transactions. Instead of pitting computers against each other to solve a puzzle the fastest, proof-of-stake has a network of validators who each have contributed their own "stake" to the project to validate transactions and update the blockchain. Solana's proof-of-history is similar to proof-of-stake, but Solana utilizes timestamps attached to blocks so that validators can make sure the updates are sequenced properly. This differentiator means Solana can handle 50,000 transactions per second compared to Ethereum's rate of 15-20 transactions per second. Additionally, the average cost for a Solana transaction is $0.00025, compared to Ethereum where transactional costs can exceed $20. Similar to Ethereum, there are many applications that can operate on the Solana platform due to its smart contracts, speed, and fees. The SOL token can be used to transfer value from one user to another, earn rewards while supporting the network, and allows users to select a validator to delegate the tokens to.