

## **Blockchain**

**The name given to a decentralised system for storing data across a peer-to-peer network, without a central authority, the first example being Bitcoin.**

## **BTC**

**Trading abbreviation for Bitcoin. All traded cryptocurrencies have a three letter price ticker to make it more convenient to display on a trading screen or price tracker.**

## **Centralised Exchange (CEX)**

**A type of cryptocurrency exchange where the trading is facilitated at a central location and subject to the appropriate regulations. A CEX may operate across several jurisdictions complying with the regulations specific to each.**

## **Coin**

**Slang term for a cryptocurrency making them more relatable. In reality cryptocurrencies are entirely virtual and have no physical representation. Often used to distinguish cryptocurrency functioning as money rather than tokens with narrow use cases on a specific blockchain.**

## **Coinbase**

**An American cryptocurrency exchange founded in 2012 by Brian Armstrong and Fred Ehrsam. As of March 2021, Coinbase is the largest cryptocurrency exchange in the US by trading volume with over 41,000,000 users.**

## **Consensus Mechanism**

**Describes the process by which a blockchain reaches agreement on the validity of new data being added to the existing chain of information. Examples are Proof-of-Work, Proof-of-Stake and Delegated Proof-of-Stake.**

## **Cryptocurrency**

**A new kind of internet money with no controlling central authority which is instead uses blockchains to record transactions and issue currency. Blockchains are secured by cryptography and consensus mechanisms, hence the term crypto-currency**

## **Decentralised**

**The characteristic of a network or organisation that has no central point of authority, decision making is instead delegated to smaller groups or shared across network points (aka nodes). The Bitcoin blockchain enables a money system to be decentralised, taking banks out of the picture, and enabling users to interact directly with each other (P2P).**

## **Decentralised Application (Dapp)**

**An application built on a blockchain, using Smart Contracts to perform the business logic. They have no single point of authority or control, and rely on the consensus mechanism of the underlying blockchain to process transactions.**

## **Decentralised Autonomous Organisation (DAO)**

**An organisation that uses the decentralised qualities of blockchains and smart contracts to provide governance (decision making) through aligned economic incentive. DAOs try to solve the Principal-Agent dilemma where agents (managers or politicians) within an organisation have decision-making power but don't feel the consequences of their decisions because they have no skin in the game.**

## **Decentralised Exchange (DEX)**

**A type of cryptocurrency exchange which has no central trading book but instead facilitates access to liquidity via smart contracts.**

## **Decentralised Finance (Defi)**

**Offers new crypto-based financial products in a totally decentralised way. There is no bank or business, no formal account creation, just a protocol managed by smart contract, so all interaction is essentially dictated by code.**

## **Delegated Proof of Stake**

**A variant of the Proof of Stake consensus mechanism where providers of staked assets can delegate their voting rights to another user.**

**ERC-20 is the technical standard for smart contracts, token issuance and management on the Ethereum blockchain. It is one of the most common ways new cryptocurrencies are created. ERC stands for Ethereum Request for Comment. It is just one of many standards for interacting with the Ethereum Network.**

## **Ethereum**

**The second most prominent cryptocurrency after Bitcoin. Created by Vitalik Buterin in 2013, Ethereum is a blockchain intended as a base layer for any application (or dApp) to run on top of using the Ethereum Virtual Machine, aka world computer. It also functions as a decentralised digital money.**

## **Gas**

**The unit for measuring the cost of executing Smart Contracts on the Ethereum Network. Gas is paid for in Ether and denominated in Gwei, one Gwei being equal to 0.000000001 ETH (10<sup>-9</sup> ETH) so instead of a Gas Fee being 0.000000001 Ether it would be written as 1 Gwei.**

## **Gwei**

**A unit of Ether equal to 10<sup>-9</sup> ETH, so 1 Gwei equals 0.000000001 Ether.**

## **Initial Coin Offering (ICO)**

**When a cryptocurrency's creator offers some of the tender at a discounted price or even for free as a means of raising funds and attempting to generate exposure to the market.**

## **Layer Two**

**Describes the concept of building systems on top of a blockchain, such as Bitcoin, to leverage its functionality but avoid on-chain constraints. See our article on layer two, building on top of Bitcoin, to understand more.**

## **Non Fungible Token (NFT)**

**A type of digital token that is verifiably unique and can therefore be used to assert rights to ownership of digital collectibles like art or in-game items. NFTs are generated on the Ethereum blockchain using the ERC-721 or ERC 1155 standards.**

## **Private Key**

**A 64 character alphanumeric string which controls the movement of unspent funds associated with a cryptocurrency address. Modern HD Crypto Wallets use Seed Phrases rather than requiring the handling of private keys, but the term Private Key is widely used to underscore the importance of being in control of your funds.**

## **Proof of Stake (PoS)**

**A blockchain consensus mechanism where the ability to mine or validate blocks is in proportion to funds staked.**

## **Proof of Work (PoW)**

**A blockchain consensus mechanism where the ability to mine or validate blocks is in proportion to the amount of work committed, measured in CPU power.**

## **Public Key**

**A 64 character alphanumeric address which allows view only access of unspent funds and used to receive funds. The equivalent of bank account details, the address to which crypto can be sent, and the balance seen by anyone.**

## **Sidechain**

**A secondary blockchain running in parallel and linked to the main blockchain e.g the Liquid Network is a sidechain based settlement network for Bitcoin trades.**

## **Smart Contracts**

**A set of rules defined in code that can be executed by an underlying blockchain for a fee e.g smart contracts on Ethereum or Binance Smart Chain.**

## **Stablecoin**

**A type of cryptocurrency specifically designed to avoid volatility by pegging their value relative to an external asset or group of assets. For example USDT (Tether) retains a value pegged to the US Dollar.**

## **Staking**

**Depositing a specific amount of cryptocurrency with a provider or protocol under specific conditions and in return for specific rights or rewards.**

## **Web3.0**

**The development of new internet based services that are driven by machine-based understanding of data. Blockchain technology is a key example of web3.0 technology as are Artificial Intelligence, Augmented and Virtual Reality. See our [Crypto Frontiers](#) article for more on Web 3.0**