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## Add a DEX to your Bitcoin Cash Trading Desk

We offer a turnkey decentralized exchange software (DEX).

Non-custodial swap trades and Automated Market Maker (AMM) implementations for BCH and SLP Tokens. Including Tether and Honestcoin.

Build a DEX, make a market for any trading pair or for your own business reward tokens.

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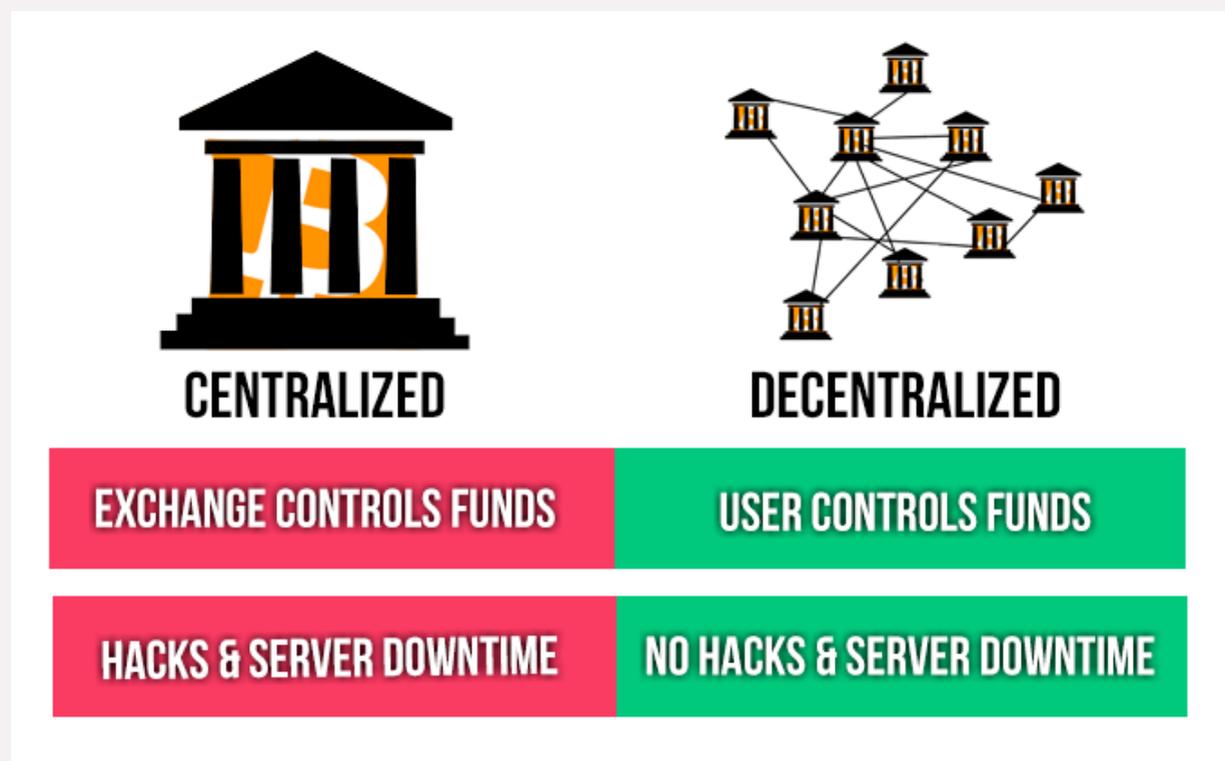
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### Automated market making (AMM)

Automated market making (AMM; AMM also refers to an automated market maker) is a feature of trading platforms in DeFi (decentralized finance). Instead of a cryptocurrency trading platform organizing an order book of bids and offers. Decentralized platforms rely on AMMs which stand constantly ready to buy and sell

the smart contracts, or in our case swap transactions.



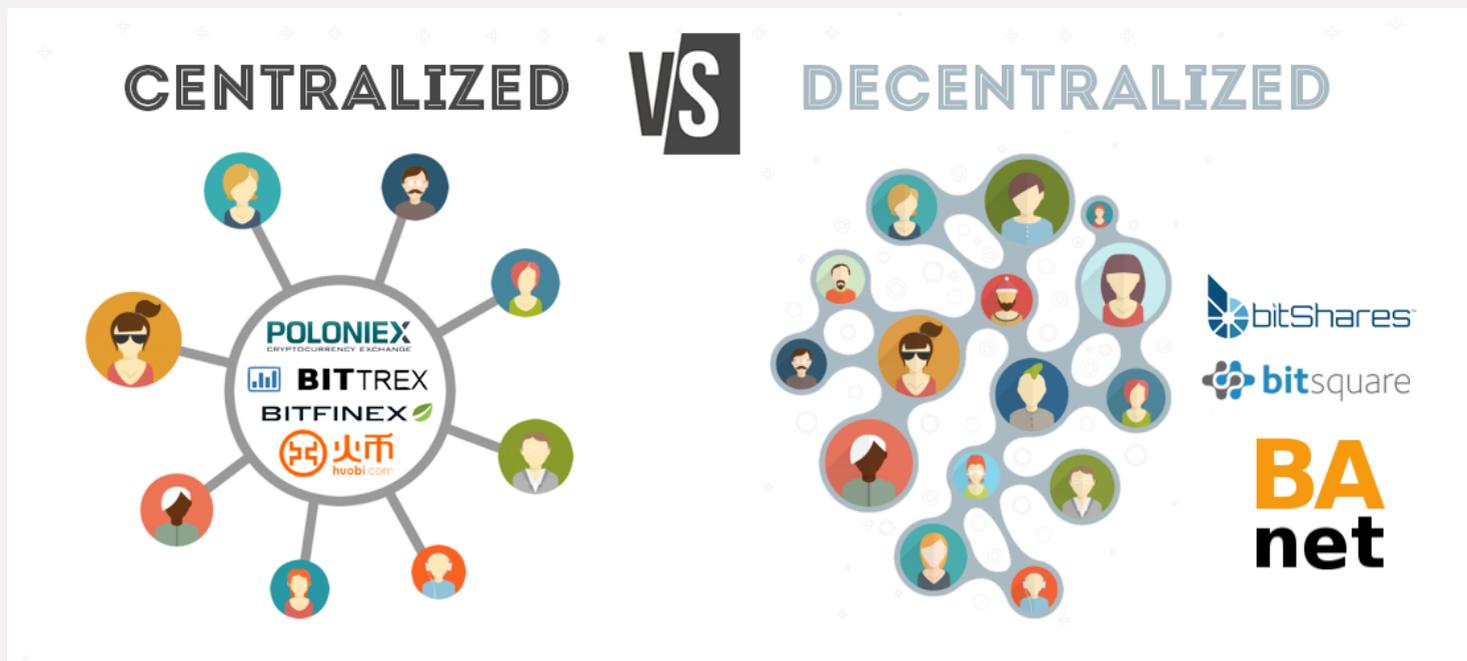
A DEX, or decentralized exchange, is mainly a type of cryptocurrency exchange. It operates like a stock exchange, except it is run by a smart contract on the Ethereum blockchain that enforces rules and executes trades. Users can trade cryptocurrencies and DEXs do not require a centralized authority to operate, but they do need access to a reliable source of liquidity to service their users.

To better understand how they operate, let's compare a DEX to a centralized exchange (CEX).

Financial exchanges are where users buy and sell financial assets. Traditionally, the CEX takes orders from buyers and sellers and takes custody of their assets. DEXs do the same thing but without the custodial aspect and they can offer more in the way of security and anonymity. A user can simply interact with a smart contract directly from their crypto wallet.

Some DEXs have pools of currencies to trade or swap, whilst other DEXs use order books with Maker and Taker orders. Maker orders provide liquidity because they're not immediately matched on the order book. Whereas a Taker order is instantly matched with an order already on the books. Thus, fees for Maker orders are lower than fees for Taker orders (or they can even be zero).

How does a DEX work? While DEXs can differ in how they're designed, they are similar in how they connect buyers and sellers across a global liquidity pool. Most DEXs require the user to have at least enough ETH to cover the transaction cost of doing the trade. Some don't charge transaction fees for Maker orders but make up the difference by charging higher fees for Taker orders, while some return a portion of the trading fees to traders who willingly supply capital to their liquidity pools.



Are DEXs Risky? There's always a risk anytime you use a CEX because you first have to deposit your funds. CEXs hold millions of dollars in deposits and thus are constantly targeted by hackers looking for big money heists. The big risk in a CEX, therefore, is that of custody, which a user forfeits the entire time their deposit is being held.

Hackers have made off with millions of dollars as well as reams of user data by cracking into CEXs over the years, the most infamous being the Mt. Gox hack in 2014. That exploit gave Bitcoin a black eye from a security reputation standpoint, and opened the door for gold-shilling naysayers like Peter Schiff to boast, "I told you so!" It's this lack of security that has tarnished the image of crypto exchanges and hampered them from becoming potential competitors to conventional exchanges.

Hopefully, DEXs can change all that because the assets are only transferred at transaction time naturally making them more secure. So DEXs can offer non-custodial solutions that bigger CEXs like Coinbase or Binance cannot. Even though they are still the 800-pound gorillas in the room, DEXs are poised to compete with them due to improvements being made in usability, liquidity, and security.

Here is a list of some of the advantages of trading on a DEX:

- Pseudo-anonymous: No lengthy forms, background info, or ID is required to participate.
- Automatic: So long as there is sufficient liquidity, DEX trading is instant.
- Non-custodial: You don't have to turn over your funds to 3rd party control.
- Lower cost: Minimal trading fees.
- So, as long as a user can keep their private keys in check, using a DEX should mitigate the risk of getting hacked. However, different DEXs can vary in how they operate, so let's take a brief look at three you may have heard of:

## Uniswap

Uniswap is one of the most popular DEXs around and has rapidly become the leading exchange for active traders looking to swap DeFi tokens. Far from the DEXs of old that offered a poor user experience and thin order books, Uniswap crashed through the window of opportunity to create a simple yet effective DEX known for its wide selection of trading pairs.

Uniswap launched in 2018 with funding from the Ethereum Foundation after creator Hayden Adams (inspired by Ethereum's Co-Founder, Vitalik Buterin) began studying the Solidity programming language. Many observers often stress the advantages of being a "bidder" (not just a "hodler") to be successful in crypto, and Hayden certainly defines what it means to be a successful bidder. After all, he ended up creating one of the most interesting projects recently seen on Ethereum that's quite different from the traditional DEX.

The short description of Uniswap is that it's a simple one-click interface where traders can swap ETH or ERC-20 tokens on-chain by pooling liquidity. This can all be done through a Web 3.0 wallet without having to deal with a centralized order book to deposit or withdraw.

A set of smart contracts on the Ethereum network is deployed, but it's open-source and there are no Uniswap investor tokens, no fees paid to the founders, and of course, no central authority involved. Simply by leveraging smart contracts, Uniswap allows traders to perform on-chain transactions at lower costs in a few clicks. There are no KYC or custodial issues to worry about.

For example, let's say you want to trade ETH for DAI. On a traditional exchange, you would have to deal with centralized order books organized around various price points with different demands at each price point. Not so on Uniswap. You simply connect your wallet, select ETH to trade, and DAI to receive, and Uniswap automatically performs the transaction and updates your wallet balance.

## **Automated Market Maker**

So, rather than selecting a buy or sell price, you would select ETH and DAI and get the market rate from Uniswap. Global liquidity pools are leveraged to create markets for ETH and DAI by using an Automated Market Maker (AMM), the exchange can then quote prices. AMMs are controlled by algorithms and they define rules for trades to be able to provide constant liquidity regardless of the order's size.

Also, with the new and improved Uniswap V2 version, traders can now benefit from new token pairs and flash swaps.

Here are some of the advantages Uniswap has over the traditional DEX:

There are no listing fees It boasts some of the lowest gas costs. The project is trustless and permissionless.

# Business Integration

A bot can automate the checking of valid received swaps. Once a valid swap is received from its own address pool and the price is within limits, the swap is signed and broadcasted.

Make a market for any trading pair, or for your own business reward tokens.

Trading Desks and OTC

Contact us at [iphone@ba.net](mailto:iphone@ba.net) 

## References

[Video Demo](#)

[Swap Howto \(Basic UI\)](#)

[PSBT Trustless Tx](#)

[Advanced UI](#)

[PSBT Documentation](#)

[BIP 174 - PSBT \(github\)](#)

[Multisig](#) 

[DEX Automatic MarketMakers](#) 

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