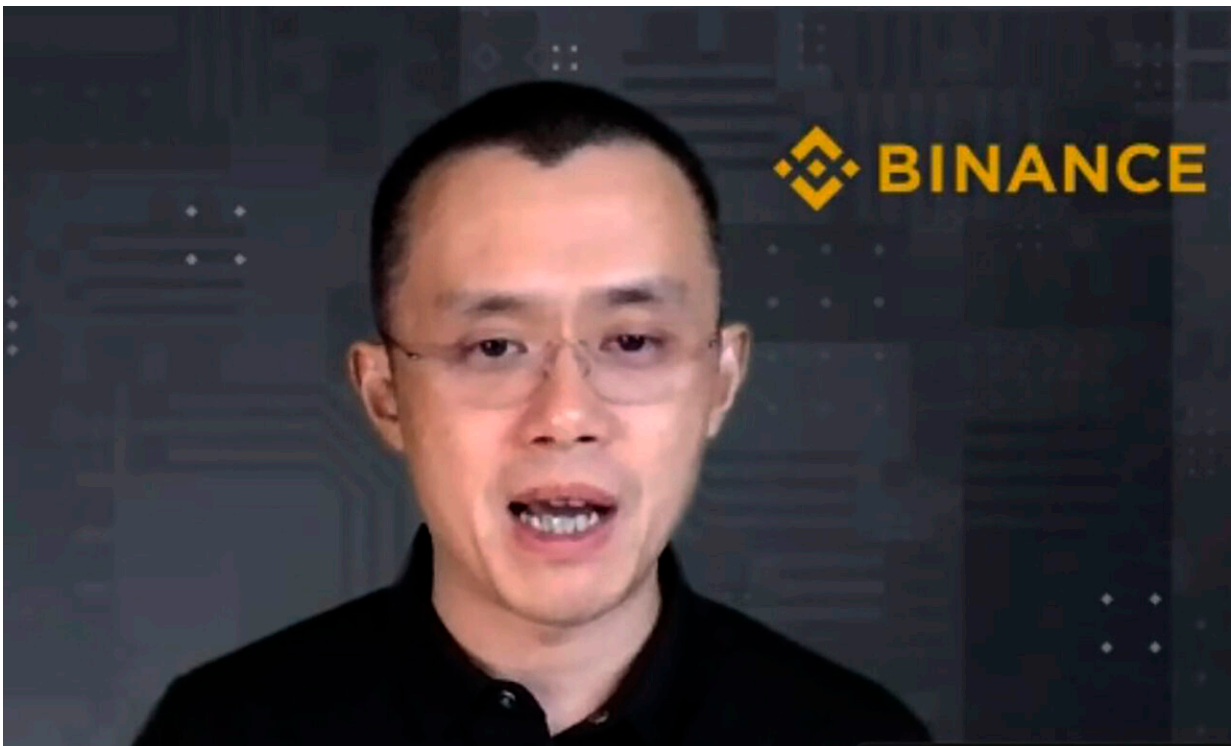


Binance proposes fund to save crypto from future failures

November 14 2022, by Ken Sweet



Binance CEO Changpeng Zhao answers a question during a Zoom meeting interview with The Associated Press on Nov. 16, 2021. Cryptocurrency exchange giant Binance is proposing the creation of a rescue fund that would save otherwise healthy crypto companies from failure, aiming to stave off the cascading effects of last week's implosion of the third-largest crypto exchange FTX. Zhao posted on Twitter Monday, Nov. 14, 2022 that his company would create "an industry recovery fund, to help projects who are otherwise strong, but in a liquidity crisis." Credit: AP Photo, File

Cryptocurrency exchange giant Binance is proposing the creation of a rescue fund that would save otherwise healthy crypto companies from failure, aiming to stave off the cascading effects of last week's implosion of FTX, the world's third-largest crypto exchange.

Binance founder and CEO Changpeng Zhao [posted on Twitter](#) Monday that his [company](#) would create "an industry recovery fund, to help projects who are otherwise strong, but in a liquidity crisis."

Zhao provided no details on the fund's size or scope, or how the funds would be distributed.

The entire cryptocurrency universe is reeling from the bankruptcy of FTX, which was besieged with withdrawal requests in what has been the [cryptocurrency](#) equivalent of a bank run. It's the latest [failure of a cryptocurrency firm this year](#), as the prices for Bitcoin, Ethereum and other cryptocurrencies have collapsed in value.

The broader effects of FTX's failure are still too early to determine, but there are other firms now facing withdrawal requests straining their systems. BlockFi and Crypto.com both said they were facing high [withdrawal](#) requests after FTX's failure.

Cryptocurrencies have no government backing, so there's no equivalent of deposit insurance or government backstop. What Zhao is proposing may be something similar to deposit insurance or a central bank-like entity for cryptocurrencies.

© 2022 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Binance proposes fund to save crypto from future failures (2022, November 14) retrieved 8 December 2023 from

<https://techxplore.com/news/2022-11-binance-fund-crypto-future-failures.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.