

BMEX Token Price Risks

A CASE STUDY ON WHERE LARGE POCKETS OF BMEX TOKENS ARE HIDING IN PLAIN SIGHT AND THEIR POTENTIAL PRICE RISK

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1. Introduction

Just over a month ago, crypto-asset exchange BitMEX announced that it was “revamping” its BMEX token, on April 1, 2025.¹ April Fools’ Day notwithstanding, BitMEX’s announcement reflected a serious move that tweaked several BMEX parameters, with the clear intention of pushing the token price up.

BMEX is a standard “exchange token” in the sense that the utility for holders of the token - and it is genuine utility – is reduced fees when transacting on BitMEX. To the extent BitMEX is a useful trading platform that is clearly of some value.

At the time this report was prepared on April 8, 2025, the publicly reported market cap for the BMEX token was around US\$25 million, which did not look obviously wrong.

However, the reported circulating supply was incorrect, and therefore the “real” market cap for BMEX was closer to US\$100 million, and an outsized quantum of BMEX tokens sits inside unlocked vesting contracts that the team can dump at will.

This case study will examine the BMEX token allocation, identify the hidden pockets of BMEX token liquidity, and point traders to the addresses that need to be monitored, in order to manage potential selling pressure.

¹ <https://blog.bitmex.com/bmex-token-revamped/>



2. BMEX Token Analysis

Problems start from the fact that the BMEX token was not distributed as described by the BitMEX team. Nearly all of BMEX's circulating supply has been held back and this is not properly reflected in BitMEX's own BMEX research published contemporaneously with their recent announcement.²

Potential issues of misrepresentation aside, it is an interesting choice by the BitMEX team, especially given the exchange's founders were pardoned just days before the BMEX announcement.³

Perhaps somewhat ironically as well, the U.S. Securities and Exchange Commission was in the process of preparing guidance concerning disclosure and transparency requirements with respect to token issues such as those contemplated here.⁴

All of this strongly suggests there is a high likelihood that "hidden" BMEX supply may soon be unleashed on the market, potentially putting downward pressure on price.

2.1 Key Features of the BMEX Token

The key features of the BMEX token are:

1. 450 million total BMEX token supply with a vesting schedule.
2. Staking and fee reduction features on BitMEX.
3. Periodic burning of BMEX by BitMEX in proportion to fees collected by the exchange.⁵

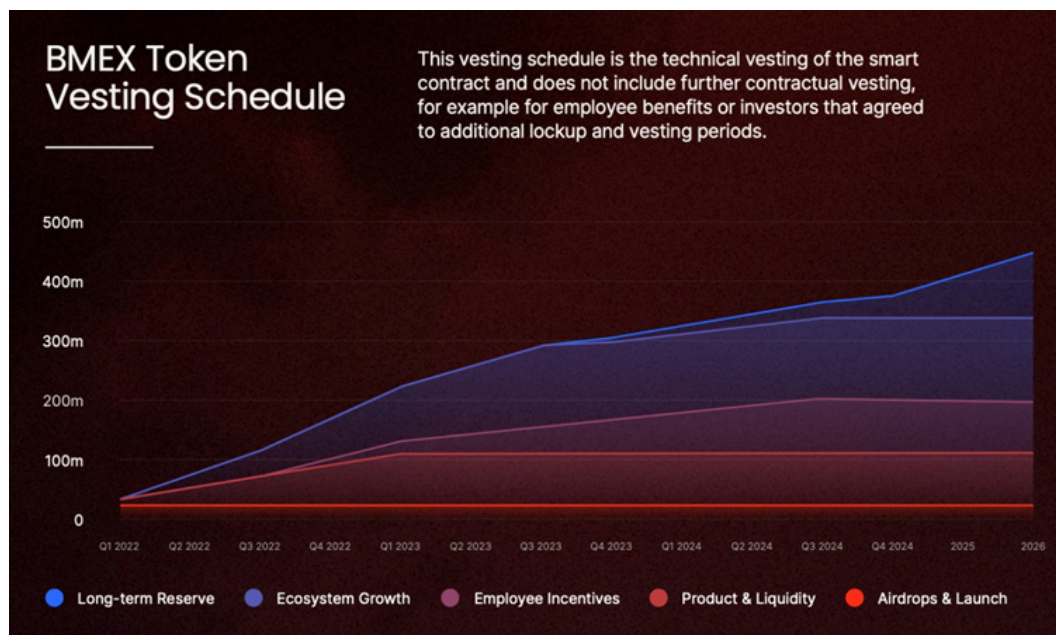


Figure 1. BMEX Token Vesting Schedule extracted from <https://blog.bitmex.com/bmex-token-analysis/>

² <https://blog.bitmex.com/bmex-token-analysis/>

³ <https://www.nytimes.com/2025/03/28/business/carlos-watson-ozy-media-trump.html>

⁴ <https://www.sec.gov/newsroom/speeches-statements/cf-crypto-securities-041025>

⁵ <https://www.bitmex.com/BMEXburn>

2.2 Analyzing BMEX's Burning Procedure

BMEX's staking and fee reduction features are generally uncontroversial, and their track record of burning BMEX tokens based on the exchange's fees appear to be in line with their stated procedures.

In Figure 2. we can see that 11.5 million BMEX tokens have been burned.

Instead, it is far more common for a large number of wallet addresses, controlled or associated with a handful of collaborators, to be sending tokens in each of those many wallets to exchanges.

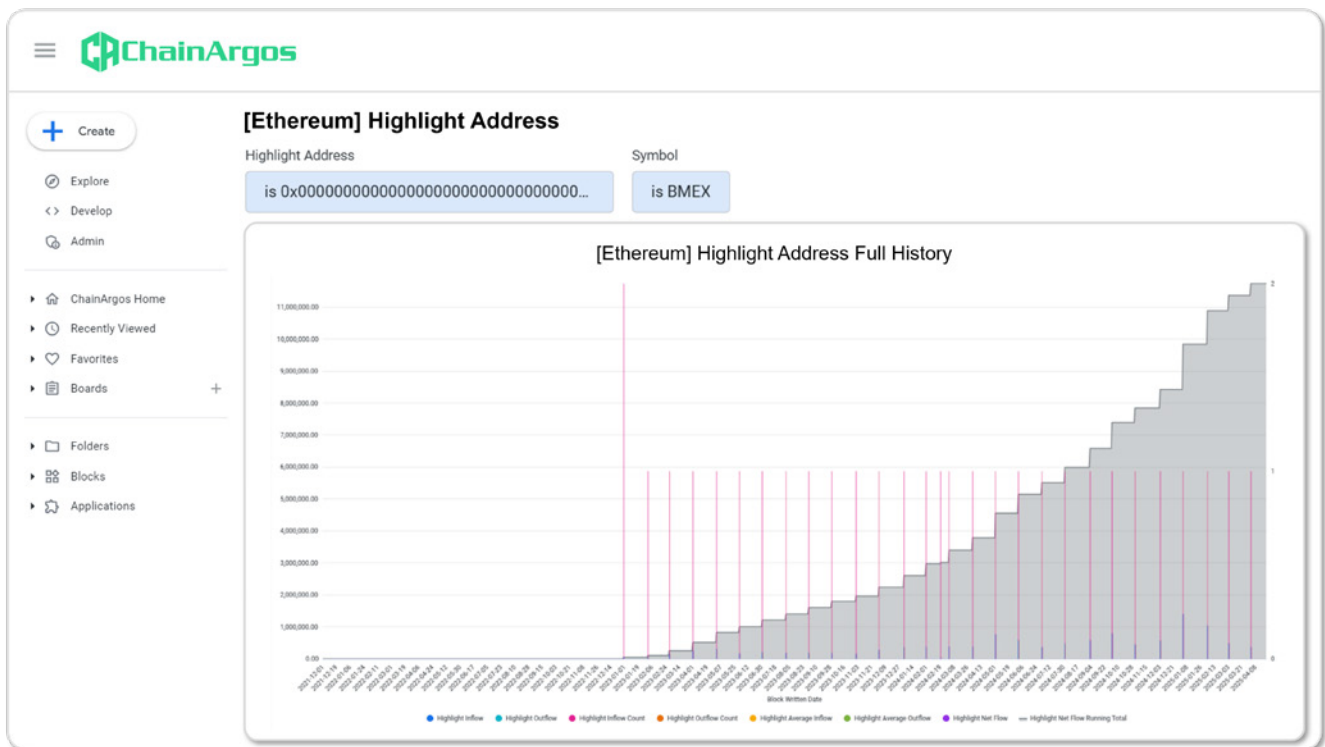


Figure 2. BMEX tokens burned over time, with 11.5 million tokens burned at the time this case study was prepared.

2.3 Analyzing BMEX Token Supply

Where issues become apparent is with respect to the supply of BMEX, as is clear from the BMEX vesting contract (accurate at time this case study was prepared).

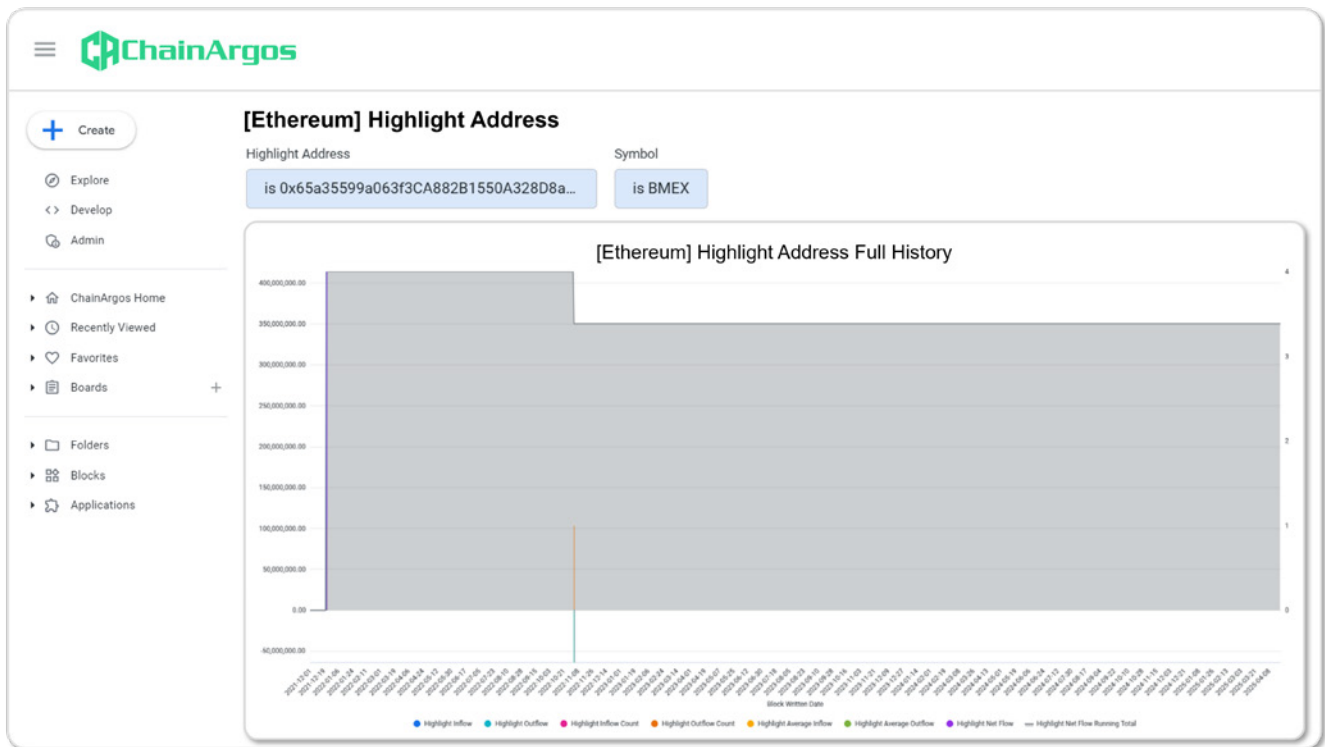


Figure 3. BMEX tokens in the BMEX vesting contract. Notice how some 350 million BMEX tokens remain.

As we can see from Figure 3., out of a total supply of 450 million BMEX tokens, 350 million sit inside the vesting contract. With 11.5 million BMEX tokens burned, this puts the actual circulating supply of tokens at 88.5 million.

Total Supply		Vesting Contract		Burning		Circulating Supply
450 million	-	350 million	-	11.5 million	=	88.5 million

The BitMEX Litepaper⁶ places numbers to the purported circulating supply.

Depending on how one accounts for the burning of BMEX tokens, that still leaves a gap of 261.5 million:

Vesting Contract		Circulating Supply		Gap
350 million	-	88.5 million	=	261.5 million

⁶ https://assets.ctfassets.net/kp25gfur5p5i/170nGZZ8vCh92rdTXIcAd8/cd93db672342d6d47c14e6d9179960b7/BMEX-Token-Litepaper_v2_20220609.pdf

The vesting contract explicitly provides addresses⁷ for the “ecosystemFund”⁸, “longTermLockUp”⁹, “team”¹⁰, and “treasury”¹¹, yet none of these addresses has ever received a BMEX token.

If BitMEX were serious about these vesting procedures, they would have simply transferred BMEX tokens into these addresses. That they did not do so, clearly raises the risk the BitMEX team plans to dump their tokens quickly.

The owner of the vesting contract is an EOA that has never been used either,¹² which does not instill confidence in the strength of governance procedures – the EOA can unlock and have these tokens dumped at any time.

2.4 Analyzing the Vesting Contract

We can query the vesting contract to see if these designated addresses are eligible to claim BMEX tokens at any time.

For example, the “ecosystemFund” address is eligible to claim its full allocation of $1350000000000000 / 10^6$ BMEX tokens¹³, or 135 million tokens, as shown in the screenshot in Figure 4.

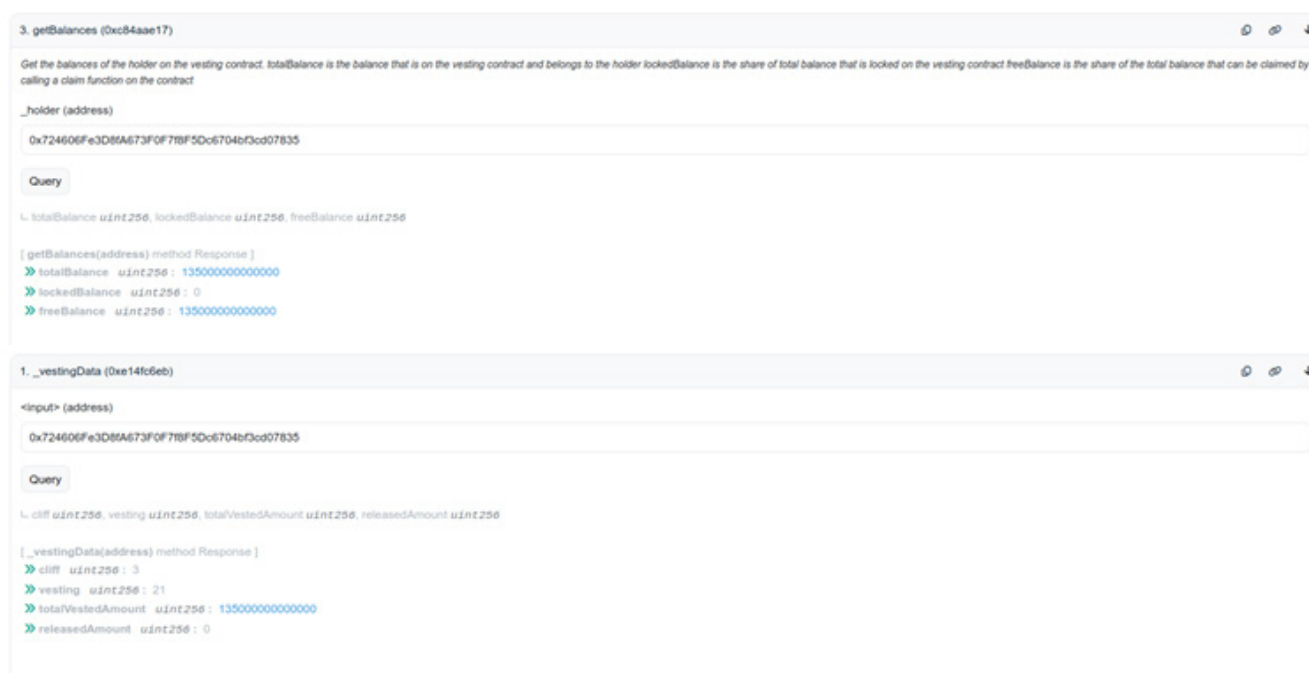


Figure 4. BMEX token vesting contract screenshots.

⁷ <https://etherscan.io/address/0xb113c6cf239f60d380359b762e95c13817275277#readContract>

⁸ <https://etherscan.io/address/0x724606Fe3D8fA673F0F7f8F5Dc6704bf3cd07835>

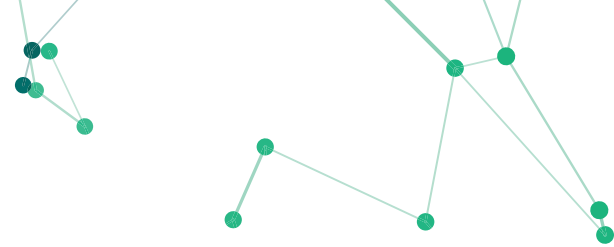
⁹ <https://etherscan.io/address/0xcF9a927B40874a5157fC2a8aCe5cd77C20F5d120>

¹⁰ <https://etherscan.io/address/0xc327855674831b97C5Ee6D9eafbBbB0Fd51f2631>

¹¹ <https://etherscan.io/address/0xc41E1f8a2d11af20dEA4A228B20Ee16A5184bF83>

¹² <https://etherscan.io/address/0x8B0b1D6A3B46b676CD6DA234cC1bf444fD2f6A32>

¹³ BMEX tokens have 6 decimal places.



For all intents and purposes, the vesting contract functions as stated. However, the operators of the various addresses specified in the vesting contract never retrieved, even if only to “re-lock” most of their entitled BMEX tokens.¹⁴

At the time this case study had been prepared, only one claim of 63.75 million BMEX tokens by the “treasury” address was ever made, which were shortly deposited into BitMEX.

Through 2026, a further 53 million more BMEX tokens will become available for claim by the “treasury” address, at which point all the BMEX tokens will be unlocked, at least with respect to the vesting contract.

2.5 Issues with Stated Circulating Supply

The stated circulating supply of BMEX tokens of approximately 100 million, as promulgated by major token websites,¹⁵ is off by a factor of nearly four.

There are 261.5 million BMEX tokens available, unlocked, and sitting in the BMEX vesting contract now,¹⁶ a gap which is entirely under the control of the BitMEX team who were recently pardoned.

It is interesting to note as well that this practice is vaguely reminiscent of failed crypto-asset exchange FTX’s habit of leaving their FTT tokens unlocked in vesting contracts for extended periods of time.¹⁷

None of this implies BitMEX is doing anything remotely similar to FTX, but from an optics perspective is perhaps not the best indicator of good husbandry for an exchange.

¹⁴ <https://etherscan.io/address/0x65a35599a063f3CA882B1550A328D8a543D28232#events>

¹⁵ <https://www.coingecko.com/en/coins/bitmex-token>

¹⁶ https://github.com/ChainArgos/node-etl/blob/main/src/ca_node_etl/research/smart_contracts/projects/bitmex/bmex_unlocked.py

¹⁷ <https://x.com/DataFinnovation/status/1589515768353681408>



3. Afterword

The threat of BMEX tokens being unleashed by the team notwithstanding, it is noteworthy that despite claims to the contrary, BMEX is both available, and traded in the United States, increasing the risk of potential enforcement issues.

Between December 2024 and February 2025, the address¹⁸ that collects fees from a Coinbase wallet product received just over 3 BMEX across 3 transactions.

Given the BitMEX team was pardoned just days before the recent announcement, there is a non-zero chance the relevant authorities may not take lightly to these moves, and any threat or even a discussion of a threat of enforcement may have a negative impact on BMEX price.

¹⁸ <https://etherscan.io/token/0xb113c6cf239f60d380359b762e95c13817275277?a=0x382fFCe2287252F930E1C8DC9328dac5BF282bA1>

Who are we?

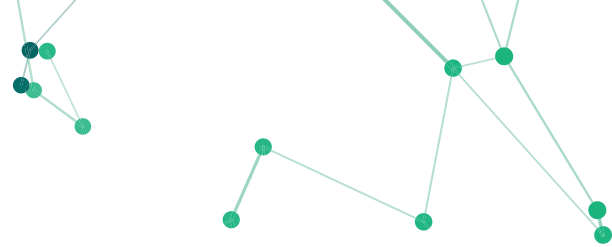
ChainArgos is the blockchain intelligence firm best known for uncovering crypto-asset exchange Binance's \$1.4bn BUSD stablecoin undercollateralization, forcing the New York Department of Financial Services to take action.

We provide unparalleled blockchain intelligence by focusing on the financial drivers of transactions, facilitate investigations and analysis centered on the economic value of transfers, and provide insight into the motivation behind specific flows.

ChainArgos is recognized globally as a leader in blockchain intelligence.

We've tracked illicit flows funding terrorism and sanctions evasion, analyzed transaction patterns connecting global scams, and uncovered crypto-asset trading opportunities before the market.





Where else have you seen us?

ChainArgos works with the United Nations, governments, central banks, financial institutions, hedge funds, proprietary trading firms, regulators, law enforcement and intelligence agencies, research institutes, universities, and crypto-asset service providers globally.

We're trusted by top news outlets including the Wall Street Journal, Bloomberg, Forbes, Fortune, Thomson Reuters, and the South China Morning Post, for unimpeachable blockchain intelligence.

Here's just a selection of our blockchain intelligence that created news:

<p>Bloomberg</p>  <p>Binance Acknowledges Past Flaws in Maintaining Stablecoin Backing</p> <ul style="list-style-type: none"> Blockchain analyst Reiter had flagged gaps in Binance-peg BUSD Binance says earlier 'operational delays' have now been fixed 	<p>Forbes</p>  <p>Did Digital Currency Group Profit From \$60 million In North Korea Crypto Money Laundering?</p>	<p>THE WALL STREET JOURNAL</p>  <p>From Hamas to North Korean Nukes, Cryptocurrency Tether Keeps Showing Up</p> <p>Tether has allegedly been used by Hamas, drug dealers, North Korea and sanctioned Russians</p>
<p>THE WALL STREET JOURNAL</p>  <p>The Shadow Dollar That's Fueling the Financial Underworld</p> <p>Cryptocurrency Tether enables a parallel economy that operates beyond the reach of U.S. law enforcement</p>	<p>Bloomberg</p>  <p>Stablecoin Operator Moves \$1 Billion in Reserves to Bahamas</p> <ul style="list-style-type: none"> Move reflects worsening US banking conditions for crypto firms TrueUSD's circulation has more than doubled in the last month 	<p>South China Morning Post</p>  <p>How crypto investigators uncover scammers' blockchain billions, scale of money laundering in Asia</p>

Who uses blockchain intelligence?



Finance and
Banking



Compliance



Law Enforcement



Regulators and
Policymakers

Finance and Banking

Assess the risks and opportunities in crypto-assets, stablecoins, and decentralized finance. Develop innovative products, explore tokenization opportunities, and generate new revenue streams.

Compliance

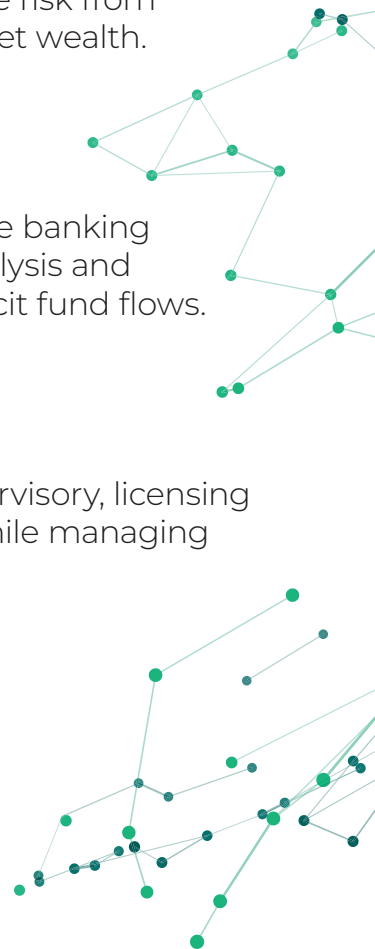
Fight money laundering, expand know-your-customer tools, and combat the financing of terrorism while expanding your customer base. Manage risk from customer crypto-assets and confidently verify sources of crypto-asset wealth.

Law Enforcement

Terrorists and criminals are using blockchain technology to avoid the banking system, launder money, and fund operations. Blockchain wallet analysis and transaction tracing fights crime, prosecutes criminals, and tracks illicit fund flows.

Regulators and Policymakers

Develop and implement effective crypto-asset and stablecoin supervisory, licensing tax, compliance, and regulatory frameworks to foster innovation, while managing threats to national security and the financial system.



How are we different?

We deliver actionable blockchain intelligence.

Say “no” to pseudo-science and “yes” to blockchain intelligence you can count on for commerce, compliance, and crime-fighting.

ChainArgos is built by finance, legal, and technology professionals to deliver actionable blockchain intelligence focused on financially-relevant analysis.

Whether you’re looking to on-board a customer, determine source of wealth, or ensure your evidence isn’t rejected on appeal, our blockchain intelligence is based on established principles of statistics, math, and forensic science.

Extreme Versatility

Create compliance and commercially-driven analysis in a single place and arrive at better business decisions faster.

No-Code Customization

Build any query or analysis without programming skills or coding.

Financially-Relevant

Standard financial measures combined with blockchain intelligence for actionable insight.

Data Integrity

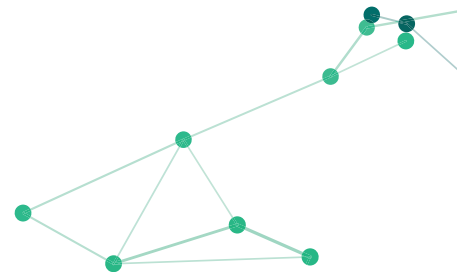
ChainArgos runs its own blockchain nodes, and we never enrich our data with yours, so you can be sure of data integrity.

API Ready

Robust and resilient APIs with 99.99% uptime. Minimal code required for easy integration.

Automated Alerts

Schedule automated alerts and reports via Email, Webhook, Amazon S3 and SFTP so you’re always in the know when something happens.



How do we do it?

Blockchain intelligence is a relatively new industry, and it's not uncommon to hear of methods which have little basis in finance, let alone forensic science.

Let's look at one example to understand the limitations of blockchain tracing.

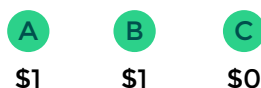


Fig. 1

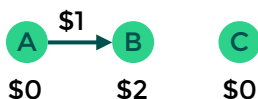


Fig. 2

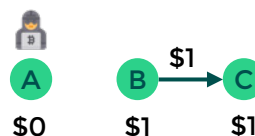


Fig. 3

In Fig. 1, A and B start with \$1, while C starts with \$0. In Fig. 2, A transfers their \$1 to B who now has \$2. Finally, in Fig. 3, B transfers \$1 to C, who now has \$1.

If it turns out A is an illicit actor, with what degree of confidence can we say that C has received \$1 from illicit sources? 50-50?

Would you accept a “risk score” of 50%?

Follow the money.

Instead of passing off “risk scores” as “risk management” ChainArgos helps you follow the money.

Most blockchain transactions don't derive from a single source, and believing they do is what leads to poor outcomes.

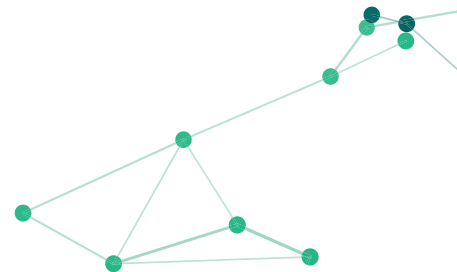
Make better decisions by focusing on what matters - where the money went, where it came from, and where does it look like it's headed to?

How much does one address deal with another? What's the average transaction size? What's the frequency? What's the crypto-asset or stablecoin of choice? What's the transaction behavior? When did the transaction size change?

And so much more.

The screenshot shows the ChainArgos web application. The main section is titled "[Blockchain] Counterparties for Addresses". It includes a search bar for "To or From Address" and "Symbol". Below this, there are several data tables:

- [Blockchain] Your Queried Addresses' Labels & Categories:** A table with columns: Address, Labels, Categories, Organizations. It shows one row with address 1.
- Blacklisting Info (If Any):** A table with columns: Timestamp Date, Authority, Action, Blockchain. It shows one row with timestamp 1.
- [Blockchain] Inbound Counterparties:** A table with columns: From Address, Labels, Symbol, USD Value Today, Sum of Transfer Amounts, Number of Transfers, Avg Transfer Size, First Txn Date, Last Txn Date. It shows two rows, 1 and 2.
- [Blockchain] Outbound Counterparties:** A table with columns: To Address, Labels, Symbol, USD Value Today, Sum of Transfer Amounts, Number of Transfers, Avg Transfer Size, First Txn Date, Last Txn Date. It shows two rows, 1 and 2.



Better attribution.

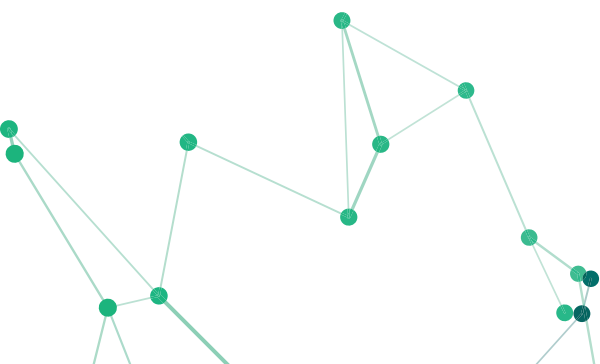
Don't risk critical legal, trading, and compliance decisions to questionable or subjective attribution methods. Trust math and science.

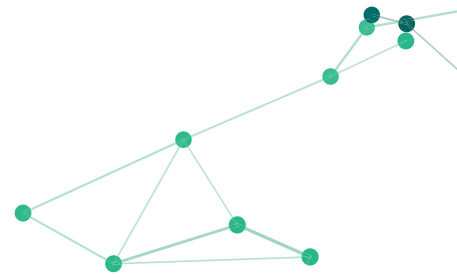
ChainArgos is the only blockchain intelligence firm that delivers programmatic address labels and wallet tags that are unassailable whether you're making business decisions or preparing to sue someone.

Blockchain addresses are automatically ranked and labeled based on a variety of factors including:

- **Transaction Count:** the number of transactions by an address. Sending \$100,000 in one transaction may have very different implications from sending 10 transactions of \$10,000 each. Either way, you'll know the difference.
- **Lifetime Sent/Received:** lists the biggest sender and/or receiver of any given crypto-asset or stablecoin currently. Markets are extremely dynamic. The biggest movers today may not be the same tomorrow.
- **Max. Historical / Current Balances:** helps you decide whether an address is participating in affiliated crypto-assets and/or stablecoins based on their maximum historical balance and who's stocking the highest current balances.
- **Recipient Number:** gives you a sense of whether they were an early adopter, or even possibly an insider of a crypto-asset or stablecoin. Recipients are ranked according to the date and time they received a crypto-asset or stablecoin.

Say "no" to dodgy wallet tagging and "yes" to attribution you can trust.





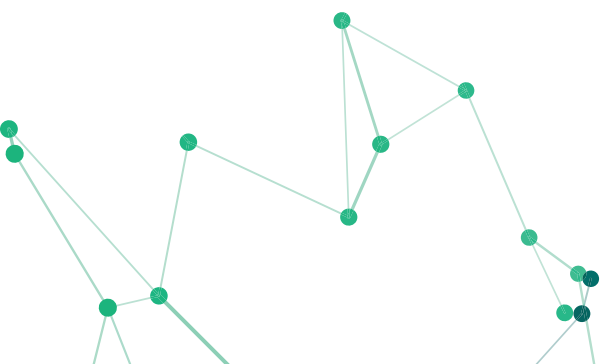
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