THEMATIC RESEARCH · CRYPTO MARKET STRUCTURE

The Binance Breach

Billions of dollars left Binance hot wallets on Thursday evening in what the exchange's co-founder called a hack. Stablecoin issuers froze about $1.8 billion, $628 million of leveraged positions were wiped out in an hour and Bitcoin fell below $79,000. This report separates what is confirmed from what is claimed and examines what it means for a crypto market already in a bear phase.

Global Markets Research · Digital Assets Desk Prepared by ANDRA MARKETS

~$388M

claims ≠ confirmed

Coverage summary. At 20:24 UTC on 29 October one transaction moved 167,464 ETH, about $388 million, out of a wallet labelled Binance 14 to an address created hours earlier and funded through the Tornado Cash mixer. Within minutes further transfers followed across several networks. Estimates of the total range from about $2 billion to more than $5.5 billion, depending on the source and on what is counted. Binance co-founder Changpeng Zhao wrote that it "does look like a hack on Binance" and that he expects user funds to be fully covered; Binance says it is investigating and that user funds are completely safe, but has not confirmed a breach. Tether and Circle froze roughly $1.8 billion of stablecoins linked to the transfers. Bitcoin, already 35% below its October 2025 peak, fell about 3% in an hour.

biggest exchange hack ever?

Outflow estimates	Stablecoins frozen	Liquidations, 1 hour	Bitcoin
$2-5.6B	**~$1.8B**	**$628M**	**<$79k**
by source; unconfirmed	*Tether ~$971M, Circle ~$823M*	*97% longs*	*−3% in an hour; −35% from peak*

EXHIBIT 1. BITCOIN SINCE JANUARY 2025 ($, DAILY CLOSE)



a market already down 35%

Source: Bitstamp daily closes via public BTC price history, to 28 October 2026; Andra Markets. The intraday all-time high was $126,198 on 6 October 2025.

1.0 Executive Summary

Key takeaways

~$3B+

A large, fast and unexplained outflow. On-chain data show billions moving from Binance hot wallets to fresh addresses within minutes, triggered by a wallet funded only through Tornado Cash. Security firm Blockaid flagged about $3.3 billion of suspicious transfers; a later tally put the figure at ~$5.6B across Ethereum, Bitcoin and Tron.

x2 the Bybit record

~$1.5B

If confirmed, the largest exchange hack on record. The previous record was the theft of about $1.5 billion from Bybit in February 2025, which the FBI attributed to North Korea. Binance said on 27 October that it had repelled several attacks linked to North Korea; there is no attribution yet for this

incident.

Stablecoin issuers acted as a circuit breaker. Tether and Circle froze roughly $1.8 billion within hours, which shows both how quickly centralised issuers can intervene and how much control they hold over ‘decentralised’ money.

Leverage amplified the move. Coinglass logged $628 million of liquidations in one hour, 97% of them long positions, and more than half on Binance itself. BNB was the worst performer among the ten largest tokens.

The buffer is smaller than the hole. Binance’s SAFU emergency fund, held in Bitcoin, is worth about ~$1B. It covered the 2019 hack of 7,000 BTC easily; on its own it would not cover a multi-billion-dollar loss, although frozen stablecoins and Binance’s balance sheet would also count.

Our reading. So far this is a leverage flush, not a run. What matters next is whether Binance confirms the loss, covers it in full and keeps withdrawals flowing. A failure on any of those three would turn a price event into a confidence event across centralised exchanges.

2.0 Timeline

How the evening unfolded

The sequence matters because it distinguishes routine wallet management from theft. The wallet that triggered the transfers received three deposits of about 0.1 ETH through Tornado Cash on 28 and 29 October, a common pattern for attackers preparing gas money. The receiving address did not exist before Thursday. Within 15 minutes it forwarded 195,460 ETH, about $450 million, to another fresh address while still holding about $1.5 billion in tokens. Binance’s statement changed three times in an hour, ending with a final version at 21:29 UTC that dropped the line saying it had not confirmed any impact on user funds.

Exhibit A. Timeline of the Binance outflow (UTC)

Time	Event
27 Oct	Binance says it repelled several attacks linked to North Korea
28-29 Oct	trigger wallet receives three ~0.1 ETH deposits via Tornado Cash
29 Oct, 20:00	Bitcoin trades near $80,800 on Binance
20:24	167,464 ETH (~$388M) leaves ‘Binance 14’; 28,005 ETH leaves ‘Binance 16’ 24s later
~20:40	receiving address forwards 195,460 ETH (~$450M) onward
~21:00	$628M liquidated in one hour; BTC below $79,000
21:15	CZ: ‘does look like a hack’; Tether and Circle freezes cited
21:29	Binance: ‘user funds are completely safe’
Late 29 Oct	Arkham labels wallets ‘binance-hacker-1029’ (~$5.84B); stuck withdrawals reported

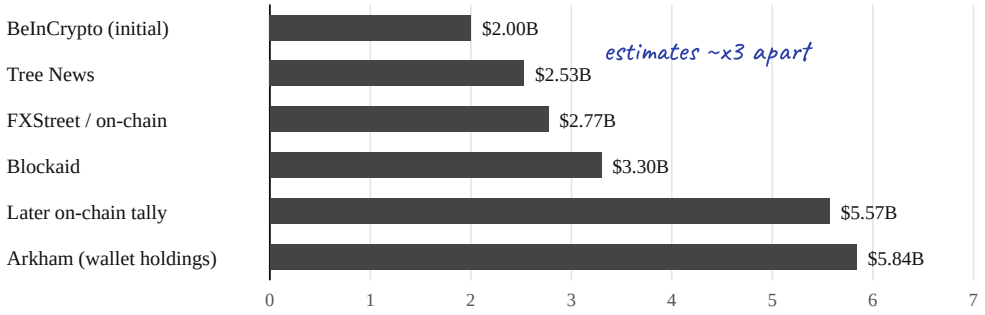
Sources: BeInCrypto (Etherscan); FinanceFeeds; ShiftDelete; Cyber Kendra; Coinglass via BeInCrypto; Kiprinform; Arkham via Cointelegraph.

3.0 How Big Is the Hole?

Why the numbers differ

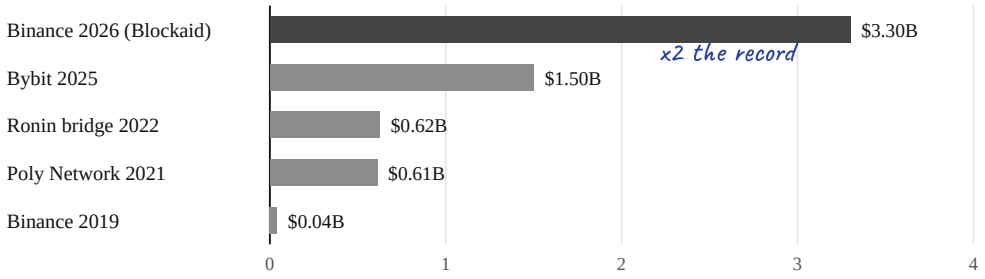
The estimates differ by a factor of almost three because they measure different things. Some count only Ethereum-network transfers in the first hour; others add Bitcoin and Tron outflows identified later; Arkham’s $5.84 billion is the value of everything held by wallets it has linked to the attacker, which can include funds that were never Binance’s. Binance has previously disputed outflow tallies built on third-party wallet labels. Zhao’s claim that the episode is a hack is a statement by a shareholder, not by the exchange, and his expectation that users will be covered is not a commitment. Until Binance publishes its own figure, the honest range is ‘at least $2 billion’.

Exhibit 2. Estimates of the Binance outflow by source ($ billion)



Sources: BeInCrypto; Tree News; FXStreet; Blockaid; Kiprinform; Arkham Intelligence. Arkham figure is wallet holdings, not a confirmed loss.

Exhibit 3. Largest crypto platform thefts ($ billion)



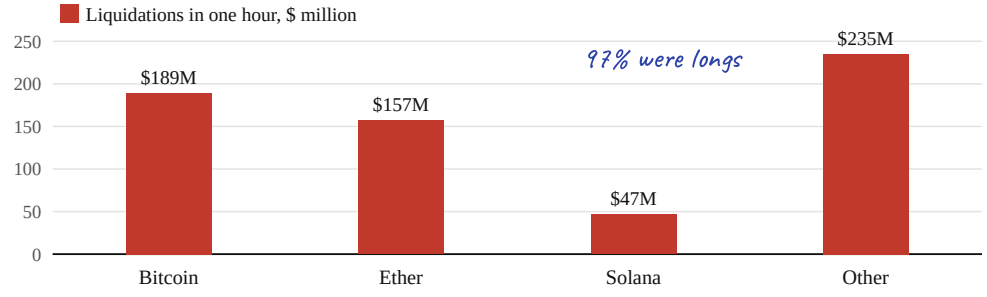
Sources: Blockaid (Binance 2026, unconfirmed); Kiprinform (Bybit, Binance 2019 at ~$40M); Ronin and Poly Network as widely reported.

4.0 Market Reaction

A leverage flush

Crypto liquidations reached $628M in a single hour late on Thursday, $607 million of it on long positions, according to Coinglass. Bitcoin positions accounted for $189 million and Ether for $157 million. The single largest forced closure was an $11 million Bitcoin long on Binance at $79,254. Binance carried $345 million of the hour's liquidations, more than half of the total. Over 24 hours 161,647 traders were liquidated for $951 million, two thirds of it in the final hour, and later tallies put liquidations above $1 billion.

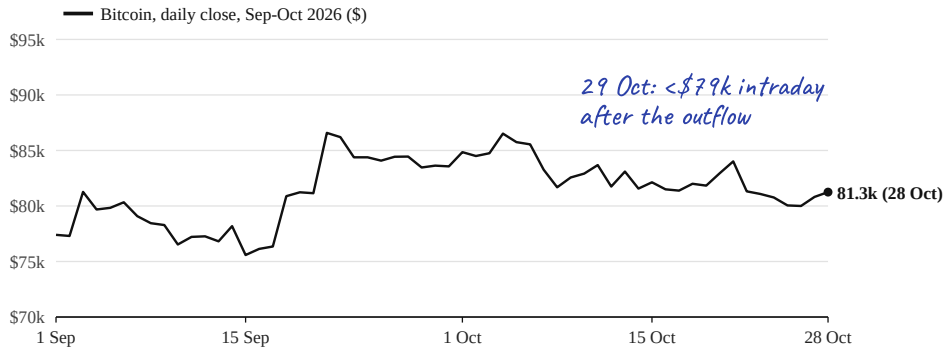
Exhibit 4. Liquidations in the hour after the outflow, by asset ($ million)



Source: Coinglass via BeInCrypto, 29 October 2026. 'Other' is the remainder of the $627.7M total.

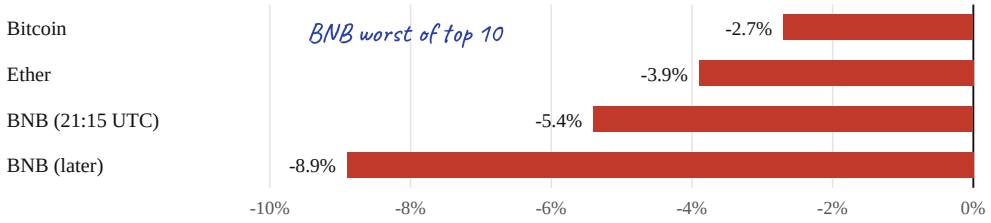
Spot prices moved less than the liquidation numbers suggest. Bitcoin traded near $80,800 at 20:00 UTC and fell below $79,000; CoinGecko showed about $79,100 shortly after 21:15 UTC, down 2.7% in 24 hours. Ether fell 3.9% to about $2,270 and BNB, the token most directly tied to Binance, dropped 5.4% to $716 and later as much as 8.9% to about $685. BNB was the worst performer among the ten largest cryptocurrencies, consistent with a market pricing exchange-specific risk rather than a systemic collapse.

Exhibit 5. Bitcoin in September and October 2026 ($, daily close)



Source: Bitstamp daily closes to 28 October 2026; intraday low on 29 October from Coinglass via BeInCrypto.

Exhibit 6. Price change after the outflow (%)



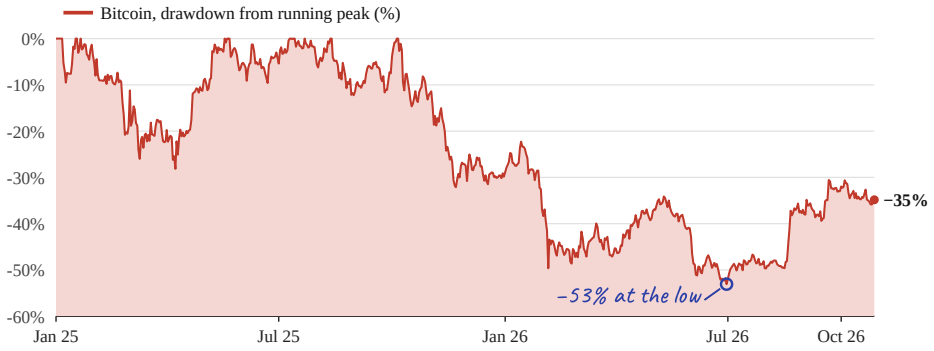
Sources: CoinGecko via FinanceFeeds (21:15 UTC); Traders Union (BNB later in the session).

5.0 The Backdrop

A market already in a bear phase

The breach hits a market that was already fragile. Bitcoin closed at a record $124,728 on 6 October 2025, after an intraday high of $126,198, and fell to $58,526 by 30 June 2026, a drawdown of −53%, as spot ETF outflows, higher interest rates and rotation into AI equities weighed. Total crypto market value fell to about $2.1 trillion by the end of June, less than half the $4.3 trillion of October 2025. US spot Bitcoin ETFs have lost more than 160,000 BTC of holdings since their October 2025 peak, the largest drawdown since launch. Bitcoin had recovered to $81,250 by 28 October, still about 35% below its peak and close to the average ETF purchase cost, which Glassnode puts near $84,000.

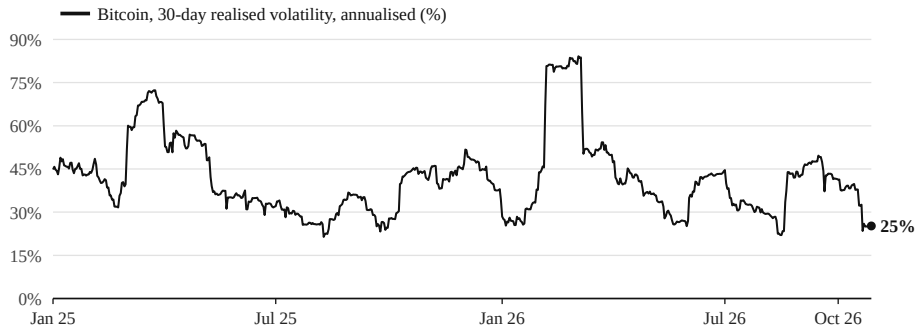
Exhibit 7. Bitcoin drawdown from its running peak (%)



Source: Bitstamp daily closes; Andra Markets calculations.

Volatility, by contrast, had been subsiding. Thirty-day realised volatility, which spiked during the spring sell-off, was about 25% annualised before Thursday, low by Bitcoin's standards. Calm markets tend to accumulate leverage, which is why a single headline could wipe out $628 million of positions in an hour.

Exhibit 8. Bitcoin 30-day realised volatility, annualised (%)



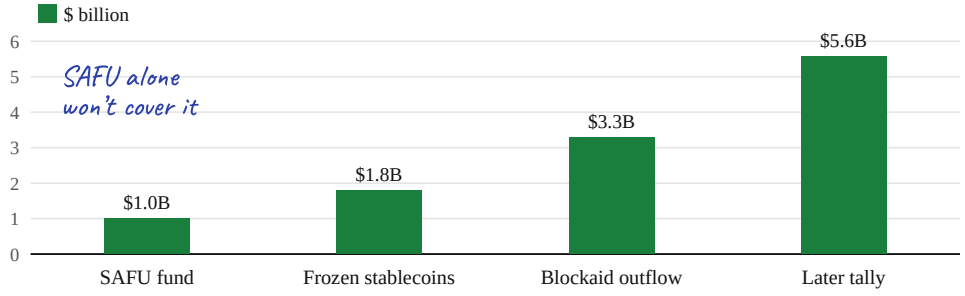
Source: Bitstamp daily closes; Andra Markets calculations (standard deviation of daily log returns × √365).

6.0 Can Binance Absorb It?

SAFU, frozen funds and the balance sheet

Binance created its Secure Asset Fund for Users in 2018 and used it after the 2019 hot-wallet breach, when about 7,000 BTC, roughly $40 million at the time, were stolen and covered without affecting user balances. In January 2026 Binance converted the fund, worth about $1 billion, entirely into Bitcoin. A loss of $2 billion to $5.6 billion is two to five times the size of SAFU. Three things narrow the gap: the roughly $1.8 billion of frozen stablecoins may be recoverable, part of the outflow may prove to be Binance's own funds, and Binance has its own corporate balance sheet. Binance has not said whether SAFU will be used.

Exhibit 9. The hole and the buffers ($ billion)



Sources: Coin360 and Cyber Kendra (SAFU); CZ via FinanceFeeds (freezes); Blockaid; Kiprinform. Approximate figures.

7.0 Contagion Channels

Where the shock could travel

The channels are familiar from previous episodes. The first is withdrawals: users reported withdrawals stuck at processing on Thursday night, and any formal pause would be the clearest signal of stress. The second is BNB, whose value is tied to activity on Binance and BNB Chain. The third is leverage, as the October 2025 cascade showed when about $19 billion of positions were liquidated across venues. The fourth is the stablecoin plumbing: the speed of the freezes helps victims but reminds the market that USDT and USDC can be frozen by their issuers. The fifth is regulation: Binance has a long history with US authorities, and Zhao stepped down as chief executive in 2023.

8.0 Scenarios

Next two to four weeks

Exhibit B. Andra Markets scenarios

Scenario	Prob.	What happens	Market signal
Contained	50%	Binance confirms, covers losses in full, withdrawals normal	BNB recovers; liquidations fade
Partial loss	35%	loss confirmed above buffers; delays on some assets	BNB underperforms; exchange outflows
Confidence shock	15%	withdrawal pause or uncovered customer losses	broad sell-off; stablecoin stress

Andra Markets scenarios; probabilities are judgemental.

9.0 What We Are Watching

Next updates

Exhibit C. Indicators

When	What	Why it matters
Next hours	Binance post-mortem	confirmed loss and cause
Next days	SAFU use or other compensation	whether users are made whole
Daily	Binance net flows, withdrawal status	run risk
Daily	BNB vs Bitcoin	exchange-specific risk premium
Next weeks	Tether and Circle on frozen funds	recoverable amount

Andra Markets selection.

reading: a leverage flush, not yet a run. the next test is whether Binance confirms, covers and keeps withdrawals open

Methodology and Source Notes

Method. This report uses on-chain data reported by Etherscan, Arkham Intelligence and Blockaid, liquidation data from Coinglass, Bitstamp daily Bitcoin prices and statements by Binance, Changpeng Zhao, Tether and Circle, as reported up to early 30 October 2026. Figures are preliminary and likely to change. Claims by parties are reported as claims. Handwritten notes and highlights are informal commentary by the desk. This note is analysis, not investment advice.

Principal sources. Bitstamp; BeInCrypto; FinanceFeeds; FXStreet; Cointelegraph via TradingView; Kiprinform; ShiftDelete; Cyber Kendra; Crypto News Flash; CryptoTimes; Traders Union; Coinglass; CoinGecko; Coin360; Glassnode; Ryder; CryptoBriefing.

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