

Glossary and Companion Guide to the Token Foundry New User Assessment

What is ETH? And what is gas?

Ether (ETH) is the cryptocurrency or fuel for the Ethereum blockchain. When you send tokens or send ETH on the blockchain, you must pay for that computing effort. That payment is calculated in Gas and Gas is paid in ETH.

When sending a transaction, you set a gas price and a gas limit. You must set this limit carefully, because if you set it too low and the transaction fails as a result, you will lose the gas / ETH that you spent.

What is a Wallet? What is a Public Key? What is a Private Key?

Cryptocurrency **wallets** don't store any actual money – they store the **Public** and **Private Keys** that provide access to those assets.

You keep your cryptocurrency including CVL tokens in a wallet. The wallet has an address. To put currency in or take it out, you use the wallet's public address or **Public Key**. It looks something like this:

```
0xC2D7CF95645D12004210B78989035C7c9061d3F9
```

Think of a wallet address like a post office box. Anybody can know the box number, and send things to the box, but you will need a **“Private Key”** to get inside. Nobody – including you – can get in without that key. The Private Key is a random-looking string of characters, like this:

```
3a1076bf45ab87712ad64ccb3b11245575f7faacb2872e88fdd9a537d8fe282
```

Be **EXTREMELY CAREFUL** with your Private Key. Do not save Private Keys on a computer or email them anywhere, not even to yourself. Don't take a picture and store it online. Don't even type or copy Private Keys onto a keyboard, clipboard, scanner or printer. In short, do not save it in a digital format.

DO write your Private Keys down on a piece of paper and keep it in a safe, memorable place. (Two pieces of paper in two different places is the best possible method. For example: one in a bank safety deposit box, and one at a family member's home. In case of loss or fire, etc.)

What is a recovery phrase (seed) and why is it important to secure it?

Any time a wallet is set up, users are provided with a unique recovery phrase or “seed” composed of anywhere from 12–24 randomized words. Recovery seeds are considered the most important aspect of maintaining the safety of your cryptocurrencies. A recovery seed is your best friend when you lose your paper, hardware, or mobile wallet, as it’s the only way you can recover your funds and wallet. Many individuals skip writing down their recovery seed when setting up a wallet. Don’t make this mistake.

Similar to the Private Key, be **EXTREMELY CAREFUL** with your recovery seed. Do not save it on a computer or email it anywhere, not even to yourself. Don’t even type or save the recovery seed online. In short, do not save it in a digital format. **DO** write your recovery seed down on paper and keep it in a safe, memorable place (two copies are best).

If you lose the Private Key of the wallet holding your tokens and don’t have your recovery seed, **you won’t be able to recover your assets**. You will lose the cryptocurrency or tokens forever.

What is a Hot Wallet? What is a Cold Wallet? What is an Exchange Wallet?

Hot Wallets are used for purchasing tokens or doing transactions, and people typically keep a small amount of money there (similar to real wallets that people use on a day-to-day basis). Hot Wallets are connected to the internet, or where the private key is stored on the machine that is plugged into a computer and connected to the internet. You personally sign each transaction. MetaMask is an example of a Hot Wallet.

Cold Wallets are used for long-term storage of cryptocurrencies and typically hold large amounts of money that are not accessed very frequently. Cold wallets are only ever connected to the internet to make a transaction and the private key never leaves the physical device, which decreases the likelihood of these funds being stolen by a hacker. You personally sign each transaction. Trezor and Ledger are commonly used Cold Wallets.

Any funds held in cryptocurrency exchanges like Bittrex and Poloniex are stored in these companies’ servers and are connected to the internet to be actively traded. Storing funds in exchanges can offer added risks, as you do not hold the keys to your wallet, a third-party does. Make sure you review and trust any exchange before storing funds there.

What are common pricing trends for tokens – do prices fluctuate?

The CVL token is a cryptocurrency – and just like any currency, tokens can decrease or increase over time. Token pricing is related to various factors including the total volume of tokens in the market, how often they are used in an ecosystem or project, how many people are on the platform, and how often the tokens are sold on exchanges.

What are the project, usage and structural factors to take into consideration when purchasing a token?

Like any financial decision, it is important to do your research before participating in a token sale. Important elements to consider are the purpose of the token and what it will be used for. It's also a good idea to look at the team behind the token – the founders, the advisors and the team. How the token sale and token supply are structured will also affect the price.

Why is it important to diversify your portfolio, including crypto and non-crypto assets?

Buying tokens, like any financial decision, is a risk. There are no guaranteed outcomes or guaranteed returns. So it's important to diversify your portfolio across many investment vehicles – crypto assets and non-crypto assets.

Similar to a stock market, you must be ready to lose some or all of the money you've put into crypto assets. Maintaining your financial stability is key. Be careful not to buy more than you can afford to lose, and think carefully before you borrow against credit cards, bank loans or personal loans in order to buy tokens.