WHAT IS CEX

A centralized exchange (CEX) is **a business that specializes in helping make transactions happen between two parties.CEX platforms maintain an order book for buy and sell orders between traders. All orders are trade requests for a certain amount of a cryptocurrency set at a specified price.**

When it comes to security, centralized exchanges implement several measures to protect users' funds and personal information: a password, two-factor authentication (2FA), cold storage, withdrawal restrictions, and regular security audits.

However, a CEX usually requires you to use their own custodial wallets. This means you are depositing your funds into accounts under the exchange's control. You receive the login details to access the wallet, but you don't actually own it. Instead, the exchange holds the account's private key, and you are simply "borrowing" the wallet to transact and store your crypto. This lack of ownership comes with a risk: It means that the centralized entity that controls your funds may revoke your access at any point.

For this reason, many centralized exchanges, such as Kraken, recommend that you transfer your funds to non-custodial wallets as soon as you've made your crypto purchase. Even centralized exchanges themselves acknowledge that managing your funds yourself is always the best answer.