

PI Setup & Security Checklist (For Beginners Using Trading Bots)

1. Enable Two-Factor Authentication (2FA) on Your Exchange Account

What does it mean:

2FA requires you to confirm your identity with something else (like a code from Google Authenticator) in addition to your password.

Why it's important:

If someone steals your password, they still can't log in without the second factor. This stops most common hacks.

Tip:

Use **Google Authenticator** or **Authy**, *not* SMS 2FA, which can be bypassed with SIM-swap attacks.

2. Create a New API Key (Read/Trade Only)




What it means:

API keys let bots communicate with your exchange account. You should create a **dedicated API key** just for your bot.

Why it's important:

Keeping trading bots on a separate API key ensures better control and limits the potential damage if that key is compromised.

Set permissions to:

-  Read: So the bot can see your balance and prices.
 -  Trade: So it can place trades.
 -  No withdrawal: This is critical.
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3. Disable Withdrawal Rights

What does it mean:

Never allow your bot (or its API key) to withdraw your funds.

Why it's important:

Even if your API key is leaked or stolen, hackers **can't steal your crypto** if withdrawal rights are off.

Tip:

Most reputable trading bots don't need withdrawal access at all.

4. Whitelist IP Addresses (If Possible)

What does it mean:

Some exchanges allow you to say, *"Only accept API commands from this specific IP address."*

Why it's important:

Even if someone steals your API key, they **won't be able to use it** from a different IP.

Tip:

- If your bot runs on a cloud server (like AWS or Heroku), use that IP.
 - If you run it from home, whitelist your home IP (though this can be tricky with dynamic IPs).
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5. Test the Connection Before Going Live

What does it mean:

After setup, try a small trade (e.g., \$5 or \$10) or check your balance using the bot.

Why it's important:

Confirms that:

- Your API key is working
- The bot is configured correctly



- You're not risking large funds on the first run

Tip:

Always start with **small test trades** before increasing volume.

6. Monitor API Activity Regularly

What does it mean:

Keep an eye on what your API key is doing: trade logs, login IPs, etc.

Why it's important:

You'll spot suspicious activity early, before real damage happens.

How to do it:

- Log in to your exchange weekly.
- Check the API usage history.
- Disable and recreate API keys if you see unknown behavior.