

# Special Digest

## All About IEO



### Crypto community's IEO interest

Since the ICO market recently has become to fade, the IEO (Initial Exchange Offering) came for substitution. The section below presents the most recent news about IEO with the authorities and crypto community's reaction to this new type of crowdfunding.



#### **The IEO phenomenon**

The IEO phenomenon has apparently gained traction amid a declining ICO market that has absorbed the adverse impact of a regulatory crackdown and bearish crypto valuations. As reported, the IEO model was spearheaded by Binance, whose token sale platform Launchpad hosted a high-profile token sale for the Tron-based BitTorrent token (BTT) this January, followed by another IEO for AI and smart contract project Fetch.AI in February.



**Bibox**

#### **Bibox launched "Bibox Orbit" on April 22**

Bibox, one of the world's largest crypto exchanges, has launched its Initial Exchange Offering (IEO) platform, dubbed "Bibox Orbit" aiming to excavate and boost the launch and the development of high-quality decentralized projects, per its official statement.



#### **Exchange Gate.io sees almost \$3 Billion in orders in first week of IEO for native token**

Gate, which offers cryptocurrency-only trading, is currently raising funds to support its projects through the issuance of Gatechain Tokens (GT), which users will ultimately be able to use for trading fee payments. The tokens do not yet exist, the exchange currently offering so-called "Gate.io POINTs" in the ongoing sale, which will be exchangeable for GT at a maximum rate of 2.5:1.



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#### **The First IEO in the world, which will be held on a few exchanges simultaneously and upon completion will make a listing on them.**

The IEO was launched in April 17 on Idax, BitForex, Bit-Z and Bit-M exchanges.

Adab Solutions presents a unique project of the FICE (First Islamic Crypto Exchange). This is the first exchange in the world that will fully comply with the requirements of Islam for the crypto investments for Muslims, and will be suitable for all people.



### **IDAX Crypto exchange announced the IEO project AliensCoin**

Users of the IDAX (idax.pro) cryptocurrency exchange will be able to participate in the token sale of the AliensCoin (ALS) project. AlienCloud build comfortable united platform for miners, traders and investors. AlienCloud now has functionality: *Crypto exchange; Cloud mining; IEO launchpad; Contests for traders; Mobile applications; Payments from bank cards; Crypto indexes (beta).*



### **Whether It's an ICO or an IEO, regulatory compliance is still an issue**

Changpeng Zhao, the CEO and founder of top crypto exchange Binance, has underscored that exchange-hosted token offerings are no less subject to regulatory hurdles than their initial coin offering (ICO) predecessors. CZ emphasized that while IEOs may indeed offer the benefit of having a third-party do due diligence on projects, regulatory compliance issues are no less onerous for the new model of offering than for ICOs



### **Crypto Exchange Bittrex Cancels Its First 'Initial Exchange Offering'**

United States crypto exchange Bittrex has cancelled its first token sale, dubbed an Initial Exchange Offering (IEO), which it had been planning to host on its Malta-based counterpart, Bittrex International. Bittrex's move to enter the exchange-hosted token sale space follows the precedent of major crypto exchange Binance. The exchange's token sale platform Launchpad hosted the high-profile token sale for the Tron-based BitTorrent token (BTT) this January, followed by another public token sale for AI and smart contract project Fetch.AI in February.



### **Industry players criticize Initial Exchange Offerings as alternative to ICOs**

A host of crypto industry critics have weighed in on the potential drawbacks of so-dubbed initial exchange offerings (IEOs) — a crypto exchange-hosted alternative to the original model of an initial coin offering (ICO). Their views were reported by Bloomberg on April 10. IEOs offer an alternative model of token offering wherein a crypto exchange acts as a form of underwriter, operating the sale and ostensibly vetting both the projects themselves and prospective investors.



### **Cryptocurrency exchange 'IEO' draws suspicion for plans to sell tokens ahead of launch**

Digital currency and transaction platform has refused to endorse an attempt by cryptocurrency exchange Bgogo to sell its unreleased tokens. Known as an "initial exchange offering" (IEO), the Algorand event notionally allows Bgogo traders to purchase exposure to the platform's token, despite the fact that it does not yet exist.

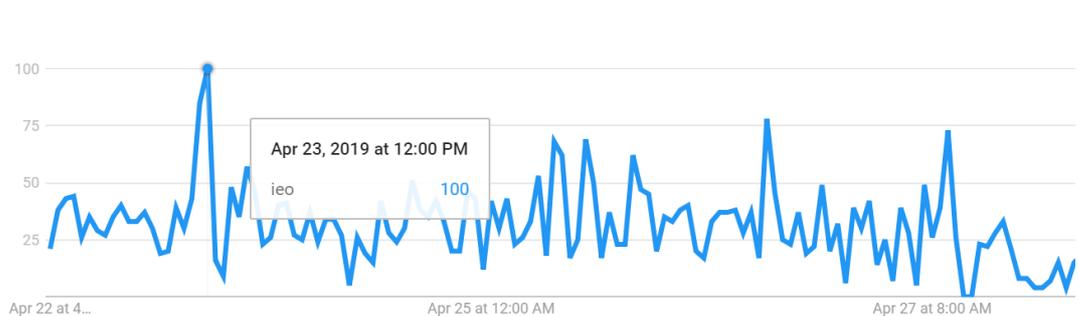
# ICO vs IEO. What the differences are

## ICO

## IEO

 <b>FUNDRAISING IS CONDUCTED AT</b>	The token issuer's website	The platform of the exchange
 <b>CROWDSALE COUNTRY/PARTY</b>	The project's developers	A cryptocurrency exchange
 <b>SMART CONTRACT MANAGED BY</b>	The startup conducting the token sale	The cryptocurrency exchange
 <b>AML/KYC NEEDED BY THE TOKEN ISSUER</b>	Yes, it can vary between the different projects	Not necessarily - the exchange conducts AML/KYC on its users
 <b>MARKETING BUDGET NEEDED FOR FUNDRAISING COMPANIES</b>	Significantly high, the project will have to invest many resources in order to get the attention of the public	Relatively low - the exchange actively markets the tokens of the startups
 <b>SCREENING REQUIRED BEFORE A STARTUP CAN LAUNCH A CROWDSALE</b>	No - anyone can launch an ICO (in a country where it is legal)	Yes - the exchange screens the company before it allows it to raise funds on its platform
 <b>AUTOMATIC TOKEN LISTING AFTER CROWDSALE</b>	No - the startup has to reach out to exchange to list its tokens	Yes - the exchange where the IEO is conducted lists

## IEO



The tendency for IEO became to grow and the investors can put their trust in the due diligence performed by the exchange hosting the IEO. Thus, trust and security make IEO projects more attractive among the crowdfunding platforms.

## IEO statistics

This section presents the statistics and current success of the ended IEOs so far. The statistics data is based on ICObench IEO projects' listing and the crowdfunding results

IEO's indicators	Description
<b>\$180 million</b>	IEO Bloomberg cites crypto data tracker CoinSchedule.com, whose data reportedly indicates that around \$180 million has been raised in 23 IEOs, with most taking place since February.
<b>\$235 million</b>	Based on ICObench's data, by today all ended IEO projects (38 projects) have raised \$232 million so far.
<b>50+</b>	There are already 53 IEO projects on ICObench and this number keeps on rise.
<b>5 Projects</b>	So far, there are five IEO projects that have raised most amount of funds: Percival (\$35M), Bread (\$32M), Chars (\$30M), GIFT0 (\$30M) and ioeX (\$27.2M)
<b>Exmarkets Launchpad</b>	Exmarkets launchpad is most popular launchpad for the IEOs. Thus, it has eleven projects that are listed through Exmarkets on ICObench. However, they have raised only \$5.1 million
<b>Binance Launchpad</b>	The IEOs that use the Binance Launchpad have raised \$79 million that is the highest number so far. However, the only six IEO projects have used Binance Launchpad.
<b>Singapore</b>	Singapore is the leader by the IEO projects that are listed on ICObench (11 projects). At the same time, Singapore is the leader by the funds raised (\$57.8 million)
<b>3.6</b>	The average rating of all IEO projects that are listed on ICObench is 3.6
<b>18 minutes</b>	It took 18 minutes for BitTorrent to raise \$7.2 million on Binance Launchpad.
<b>22 seconds</b>	Fetch AI recently raised \$6 million in 22 seconds on Binance Launchpad as well.
<b>10 seconds</b>	VeriBlock has raised its hard cap (\$7 million) in ten seconds on Bittrex Launchpad
<b>7 seconds</b>	MultiVac has raised \$3.6 million in seven seconds on Kucoin Launchpad. Overall it has raised \$16.2 million in four days.

## IEO's citation



*“Regulatory compliance does not change regardless of if you do an ICO or IEO. If you issue a token representing shares of your company, then it is a security (in most countries), and you need to do some work on compliance.”* — **Changpeng Zhao, the CEO and founder of top crypto exchange Binance.**



*“The IEO regulatory status is very unclear - even more dubious than the ICO. ... The new model will “take everything from an ICO and make it worse.”* — **Zach Fallon, a securities lawyer who worked on ICO matters at the United States Securities and Exchange Commission.**



*“... The paradox that such a pre-sale of new tokens on a particular exchange (eg Binance) is clearly contrary to the decentralized cryptocurrency ethos, but is conveniently ignored when it works.”*  
— **Jeff Dorman, a partner and portfolio manager at Arca Funds.**