

strategy&



6th ICO / STO Report

A STRATEGIC PERSPECTIVE

SPRING 2020 EDITION

In collaboration with:



Executive Summary

ICO / STO Report Spring 2020 Edition: Global Status-Quo



DEVELOPMENT OF GLOBAL CRYPTO MARKETS

- In first half of 2019, **global crypto ecosystem** experienced **solid growth**, resulting in a **year-to-date peak market capitalization** of **approximately USD 370 bn** by **end of June**
- In **mid-2019**, **total funding volume** of **token offerings** considerably **dropped** from ca. USD 1'322 mn in May¹⁾ to USD 151 mn in June; until end of October, development continued to **stagnate** with an **average monthly funding volume** of **USD 171 mn** (to compare: January – May 2019 USD 653 mn)



ICO / STO / IEO FACTS & FIGURES

- Throughout **first ten months in 2019**, more than **380 token offerings** have been **successfully completed**, managing to **raise** a total of ca. **USD 4.1 bn**
- **Bitfinex** (USD 1 bn), **Kinesis** (USD 194 mn) and **GCBIB** (USD 143 mn) were **largest completed token offerings in 2019** so far, jointly accounting **32%** of **total raised funding volume** year-to-date



GLOBAL PERSPECTIVE TOKEN OFFERINGS

- Throughout **2018** and **2019** (until October), the **USA**, **Singapore**, **Hong Kong** and the **UK** are ranked as **leading token offering hubs worldwide** (in terms of funding volume and # of completed offerings)
- Further countries with relatively small-sized domestic financial markets, as for instance **British Virgin Islands**, **Cayman Island**, **Estonia** and **Lithuania**, continue to be **attractive crypto offering locations globally**



RISE OF STOs

- In **second half** of **2019**, **STOs** did not experience any **significant growth** (in terms of funding volume and # of completed offerings), but **continued to strengthen their general scope / relevance** in **global crypto token offering sphere** (amongst other through corporate directly-issued STOs)
- **Extensive number** of **tokenization companies** implies a **strong / well-established tokenization ecosystem**; looking forward, **underlying infrastructure** requires a further **comprehensive upgrading**



CURRENT / FUTURE RELEVANCE OF IEOs

- Despite **overall stagnating development** of **crypto / token offerings** throughout **June** until **October 2019**, **relative share** of **completed IEOs** (in terms of # of all completed offerings) considerably **increased**
- This development indicates a **progressive institutionalization** and **establishment** of this specific **Blockchain-based crowdfunding instrument** as well as of the associated **whole crypto offering sphere**

In first ten months 2019, over 380 token offerings have raised a total of USD 4.1bn

ICO / STO Report Spring 2020 Edition: Global Scope

DEFINITION & CHARACTERISTICS

Initial Coin Offering ("ICO", also token launch or generation) is a term describing a **limited period**, in which a **company** sells a predefined number of **digital tokens** (coins) directly to the **public**, in exchange for cryptocurrencies or fiat currencies.

Security Token Offering ("STO") is a sale of tokens with features comparable to normal securities, i.e., **fully regulated and approved** within at least one jurisdiction.

Initial Exchange Offering ("IEO") is an ICO (or STO), which is exclusively conducted on the platform of a cryptocurrency exchange. IEOs are administered by the crypto exchange on behalf of the issuing company, which seeks to raise funds with its newly issued tokens.

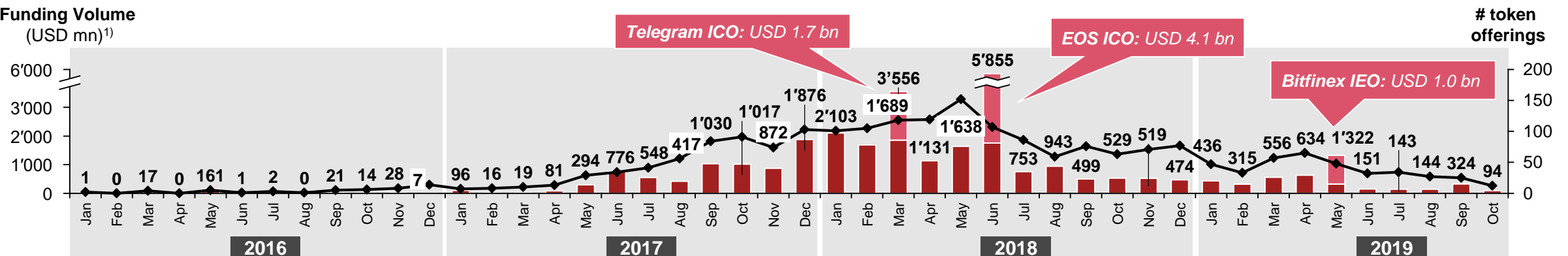
Prospectively, ICOs / STOs / IEOs are **alternatives** to classic debt / capital-funding as performed today by Venture Capital / Private Equity firms and banks.

TOKEN OFFERING DEVELOPMENT

Year	Ø Duration (d)	Ø USD mn ¹⁾	Total #	Total volume (USD mn) ¹⁾
2013	41	0.4	2	0.8
2014	68	3.8	8	30.5
2015	32	1.0	10	9.9
2016	39	5.1	49	252
2017	29	12.8	552	7'043.3
2018	58 ²⁾	12.3 ²⁾	1'132	19'689.3
2019 YTD ³⁾	81*	10.8*	380*	4'118.5*
All	49.7	6.6	2'113	31'144.3
















MONTHLY NUMBERS AND VOLUMES

Funding Volume
(USD mn)¹⁾



Kinesis, besides Bitfinex and GCBIB, has entered top 15 of biggest token offerings in 2019

Overview: 15 biggest token offerings overall since 2016











#	Name	Total raised amount (USD mn) ¹⁾	End of offering (month)	Focus	Industry	Country
1	EOS ²⁾	4'100	06/2018	Blockchain infrastructure for decentralized apps	BC infrastructure	 Cayman Islands
2	TELEGRAM	1'700	03/2018	Tokens to enhance messenger ecosystem	Social media	 British Virgin Islands
3	BITFINEX	1'000	05/2019	Tokens for fee discounts in the iFinex ecosystem	FinTech	 Hong Kong
4	TATATU	575	06/2018	Social entertainment on the Blockchain	Entertainment	 Cayman Islands
5	DRAGON	320	03/2018	Decentralized currency for casinos	Gambling	 British Virgin Islands
6	HUOBI TOKEN	300	02/2018	Token/ Coin for South Korean crypto exchange	FinTech	 Singapore
7	HDAC	258	12/2017	IOT platform backed by Hyundai BS&C	Internet of things	 Switzerland
8	FILECOIN	257	09/2017	Decentralized market for data storage	Data storage	 USA
9	TEZOS	232	07/2017	Blockchain infrastructure for decentralized apps	BC infrastructure	 Switzerland
10	KINESIS NEW	194	09/2019	Yield-bearing digital currency based on gold & silver	FinTech	 Cayman Islands
11	SIRIN LABS	158	12/2017	Secure open source consumer electronics	Consumer electronics	 Switzerland
12	BANCOR	153	06/2017	Enabling direct conversion between tokens	FinTech	 Switzerland
13	BANKERA	151	03/2018	Banking for the Blockchain era	FinTech	 Lithuania
14	POLKADOT	145	10/2017	Interoperability protocol across multiple Blockchains	BC infrastructure	 Switzerland
15	GCBIB	143	01/2019	Multi-asset digital wallet	FinTech	 United Arab Emirates

1) Calculations based on currency exchange rates on end date of offering. As Ether and Bitcoin exchange rates are highly volatile, actual and current market capitalization of the companies today may differ significantly from figures shown in the table. Funding amount until 31.10.2019 considered. 2) EOS conducted a two-phased ICO. In the 1st phase (5 days in June 2017), USD 185mn were raised. The second phase lasted 350 days ending in June 2018. Source: Strategy& analysis; Note: only completed offerings with indicated funding volume considered.











USA, Singapore, Hong Kong and UK continue to dominate global token offering sphere

Countries with most token offering traction (2019 vs. 2018)

LEADING¹⁾ TOKEN OFFERING COUNTRIES IN 2019 YTD²⁾

Country	Total Raised (USD mn) ³⁾	Total # Closed Offerings ³⁾
 HONG KONG	1'009	4
 CAYMAN ISLANDS	238	6
 UNITED ARAB EMIRATES	149	3
 SINGAPORE	110	11
 UK	98	11
 ESTONIA	96	13
 LIECHTENSTEIN	80	1
 USA	66	9
 GERMANY	57	6
 RUSSIA	44	4

LEADING¹⁾ TOKEN OFFERING COUNTRIES IN 2018

Country	Total Raised (USD mn) ³⁾	Total # Closed Offerings ³⁾
 CAYMAN ISLANDS	4'997	25
 BRITISH VIRGIN ISLANDS	2'294	21
 SINGAPORE	2'109	147
 USA	1'456	96
 UK	916	93
 SWITZERLAND	894	69
 ESTONIA	651	73
 HONG KONG	428	39
 LITHUANIA	282	11
 CANADA	248	17

KEY TAKE-AWAYS

-  **British Virgin Islands** and  **Cayman Island** with strong ranking among leading token offering countries worldwide, due to single large-scale completed offerings (i.e. EOS with USD 4.1 bn funding volume and Telegram with USD 1.7 bn funding volume)
-  **USA**,  **Singapore** and  **Hong Kong** rank among the leading countries in terms of # of completed crypto offerings throughout 2018 and 2019 YTD, indicating their strong positioning in token offering ecosystem
- Within Europe,  **Switzerland** and  **UK** are leading hubs in the crypto offering sphere in 2018 and 2019 YTD;  **Estonia** &  **Lithuania**, with their relatively small financial markets, continue to strengthen their ranking position among the top token offering countries

To assess rise of STOs, three relevant perspectives need to be considered

Perspectives on Security Token Offerings

DEEP DIVES ON FOLLOWING SLIDES

OVERALL DEVELOPMENT OF SECURITY TOKEN OFFERINGS

DEEP DIVE **A**



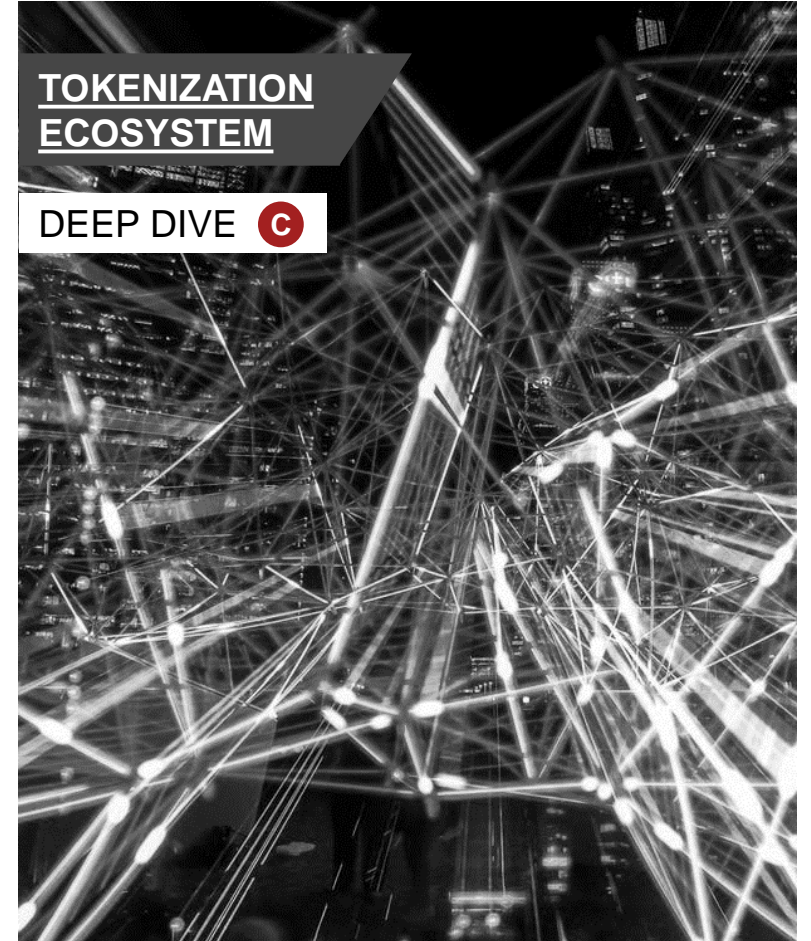
CORPORATE DIRECTLY-ISSUED SECURITY TOKEN OFFERINGS

DEEP DIVE **B**



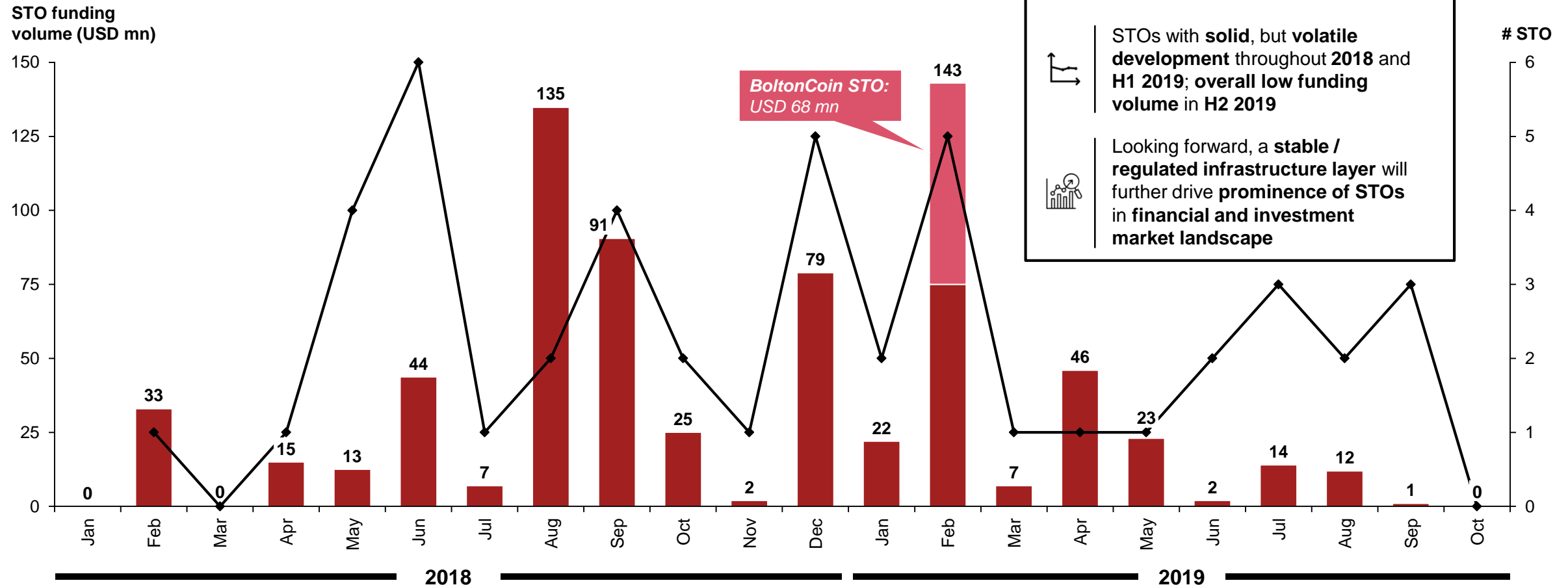
TOKENIZATION ECOSYSTEM

DEEP DIVE **C**























STOs continue to establish as pivotal Blockchain-based crowdfunding instrument

Deep Dive A: Monthly development of STOs



More and more established institutions globally conduct corporate directly-issued security token offerings





















Deep Dive : Selected corporate directly-issued STOs

ISSUING INSTITUTIONS ¹⁾ (SELECTION)	SPECIFICATION OF SECURITY TOKEN OFFERING	DATE	RAISED AMOUNT	COUNTRY
AUSTRIAN GOVERNMENT 	Issuance / tokenization of an Austrian government bond	10/2018	USD 1.4 bn	AUSTRIA 
BANCO SANTANDER 	Issuance / tokenization of a bond	09/2019	EUR 20 mn	SPAIN 
BANK OF CHINA 	Issuance / tokenization of a bond	12/2019	USD 2.8 bn	CHINA 
BBVA 	Issuance / tokenization of a syndicated loan	11/2018	EUR 150 mn	SPAIN 
DAIMLER 	Issuance / tokenization of a 1-year bond	06/2017	EUR 100 mn	GERMANY 
DEUTSCHE BANK ³⁾ 	Issuance / tokenization of a bond	10/2019	n/a	GERMANY 
EMAAR 	Issuance / tokenization of a referral / loyalty platform	05/2019	n/a	UAE 
J.P. MORGAN 	Tokenization of gold bars	upcoming	n/a	USA 
SOCIETE GENERALE 	Issuance / tokenization of a 5-year covered bond	04/2019	EUR 100 mn	FRANCE 
THE WORLD BANK 	Issuance / tokenization of 2 tranches of AUD-denominated bond ("Bond-i")	08/2019	USD 108 mn	USA ²⁾ 

Well-established tokenization ecosystem already in place; strong focus on United States as favorable hub

Deep Dive 🕒: Selected tokenization companies

SELECTED TOKENIZATION COMPANIES

TOKENIZATION COMPANY ¹⁾ (SELECTION)	BUSINESS FOCUS	FOUNDATION	# EMPLOYEES ²⁾
 ALPHAPOINT	Provider of tokenization & trading solutions for illiquid assets	2013	~60
 BITMARK	Platform for licensing & peer-to-peer transfers of digital assets	2014	~30
 CIPHERCLOUD	Provider of tokenization data residency solutions	2010	~250
 CONSENSYS	Provider of Ethereum Blockchain infrastructure	2014	~800
 CUSTODIGIT	Platform enabling access to crypto currencies & digital assets	2018	~10
 FINFABRIK	Platform to create Digital Asset-Backed Securities (DABS)	2016	~20
 GENTWO	Provider of securitization services	2018	~10
 HARBOR	Blockchain-based investment platform for alternative assets	2017	~20
 HYPR CORP	Provider of a decentralized biometric tokenization scheme	2014	~60
 LIQUID TOKEN	Platform for digitization of various illiquid assets	2014	~10
 MASTERWORKS	Investment platform for fine art	2017	~20
 NEUFUND	Blockchain-based tokenization platform for illiquid assets	2016	~30
 PARALLEL MARKETS	Tokenization & trading platform for various illiquid assets	2018	~10
 SMART VALOR	Provider of tokenization, listing & trading solutions	2017	~20
 SMARTLANDS	Platform for Blockchain-based securities backed by assets	2017	~10
 TEMPLUM	Marketplace for sale / trading of digital assets	2017	~20
 TOKENGATE	Provider of a token economy enabling infrastructure	2018	~10
 TOKENY SOLUTIONS	Blockchain-based platform for digitization of financial assets	2017	~30
 TOKENYZ	Platform for tokenization of traditional assets	2019	~5
 TRUSTTOKEN	Tokenization platform for real-world assets	2017	~30

KEY TAKE-AWAYS



Tokenization **companies build on key benefits of tokenizing assets: increased liquidity, faster settlement, lowered costs and bolstered risk management**



Strong focus on illiquid assets and alternatives (e.g., art) to make these assets accessible for small retail investors



Most companies are still in an early stage (~2-3 years old) with a relatively small employee base

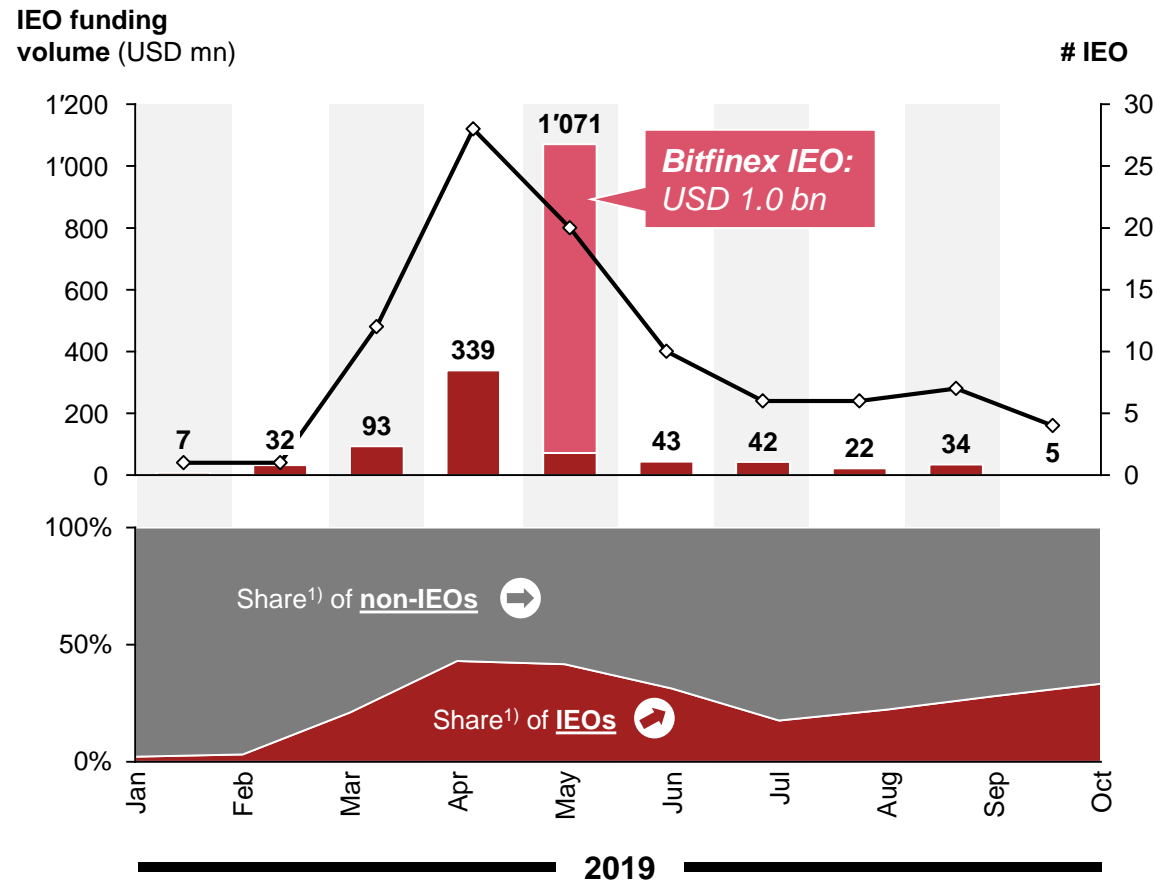


Large number of **tokenization companies are based in 🇺🇸 US, benefiting from the stimulating ecosystem**

Despite declining development of token offerings in H2 2019, IEOs are experiencing a strong momentum in crypto sphere

Scope of IEOs

DEVELOPMENT OF IEOs



KEY TAKEAWAYS



Until early 2019, IEOs did not play any **significant role** in global crypto market / ecosystem (after first IEOs already took place in 2017 - e.g., Bread, Gifto)



IEOs experienced **strong momentum** (in terms of # completed offerings and aggregate funding volume) in **beginning of 2019**; **Bittfinex** with **largest IEO** (USD 1.0 bn) in **May 2019**



Low level of **completed token offerings** in **second half of 2019**; nonetheless, IEOs with **relatively strong / increasing adoption**, indicating a **progressive establishment** of this **crowdfunding instrument** in **Blockchain sphere**



Looking ahead, the **development / institutionalization** of the **underlying infrastructure** (i.e. crypto exchanges) and the **clarification** of the **regulatory landscape** of associated **global crypto offerings** will further drive **market traction** of IEOs

We offer a One Firm, Strategy to Execution Client Experience and Offering – across the globe and in all relevant markets

For further insights, please contact the authors of this report



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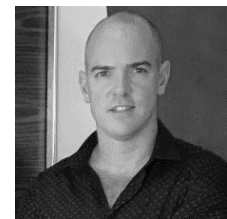
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