

Mergers & Acquisitions | Financings | Principal Investments

ICO DEMYSTIFIED

How to run a regulated ICO

BLOCKCHAIN SERIES I



Content

CHAPTER 1

Why Blockchain Series

CHAPTER 2

How To Run A Regulated ICO Successfully

CHAPTER 3

IEG Catena Fund I

CHAPTER 4

IEG Crypto Intelligence

Blockchain Series I

VISIONARY AND STRATEGIC MOVE I

Why This Focus?

- The environment is changing
- Know-how of how to participate is essential
- Most people have misconceptions or dangerous half knowledge of what an regulated ICO is and how to securitize a token

Blockchain Series II

VISIONARY AND STRATEGIC MOVE II

This events objectives?

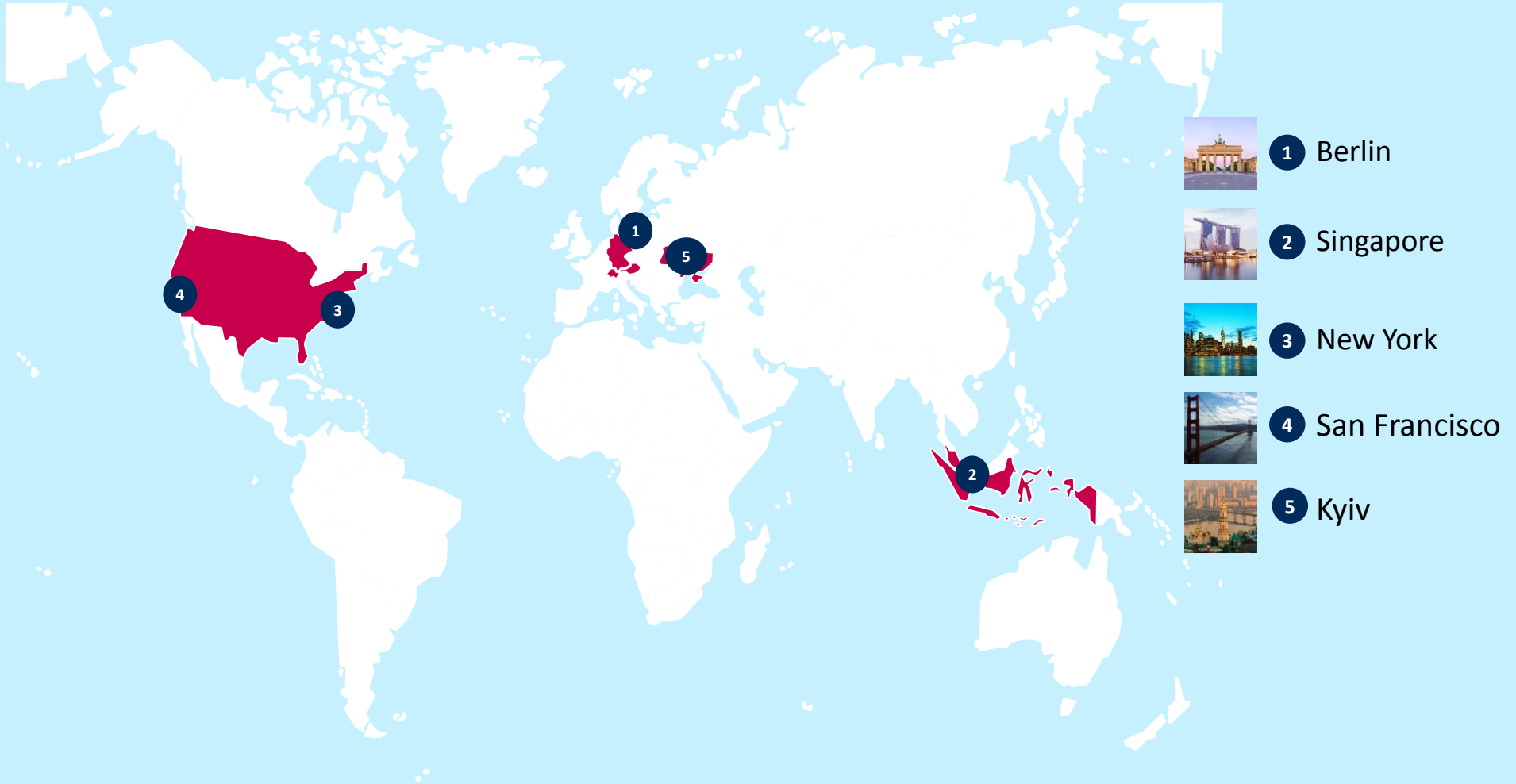
- MIDDLEMEN are needed to sharpen expertise and know-how regarding following aspects:
 - IEG saw opportunity
 - IEG's powerful presence in Crypto and ICO relevant markets
 - IEG ICO experts in San Francisco, CA
 - **Giovanni Soleti**
 - BDs in the US
 - Access to a regulated software
 - Know how to run private placements – only way to do ICO in the US
 - Access to the FBI, FINRA
 - **Vitaly Golomb**
 - Creation of Blockchain Fund to invest in ICOs

Blockchain Series III

VISIONARY AND STRATEGIC MOVE III

- IEG ICO experts in Asia
 - **Raphael Dana**: Asia | SEA – Shanghai and Singapore
 - Created Crypto Index
- IEG ICO experts in Europe
 - Stefan Heilmann: Berlin
 - Focus on Germany and Switzerland

Presence In Relevant ICO Markets



Speakers

STEFAN C. HEILMANN



BLOCKCHAIN

AI | ML

E-HEALTH

SOFTWARE | SAAS

Group CEO at IEG

25+ years of passionate investment banking experience in DIGITAL (Tech + Internet); Entrepreneur, Keynote Speaker, Board Member, Investor

GIOVANNI SOLETI



FINTECH

CRYPTO | ICO

AI | ML

Managing Director at IEG – San Francisco

SPECIALTIES - ICO and crypto currency - Fin-tech, Crowdfunding - Private Placements -

RAPHAEL DANA



CRYPTO

SAAS

BLOCKCHAIN

FINTECH

Managing Director at IEG – Singapore

Serial Entrepreneur, specialties include corporate finance, blockchain, disruptive business ideas, start-up modeling, go-global strategy, recruitment of growth team, sales and marketing.

VITALY M. GOLOMB



VC | CVC

ENTERPRISE | B2B

ICO | BLOCKCHAIN

AI | AR | INDUST 4.0

Managing Director at IEG – San Francisco
Global Head of Principal Investments

Silicon Valley-based venture/corporate venture specialist, serial entrepreneur, author, keynote speaker, and top-ranked mentor of startup accelerator programs in US, Europe, and Asia.

IEG - Key Facts



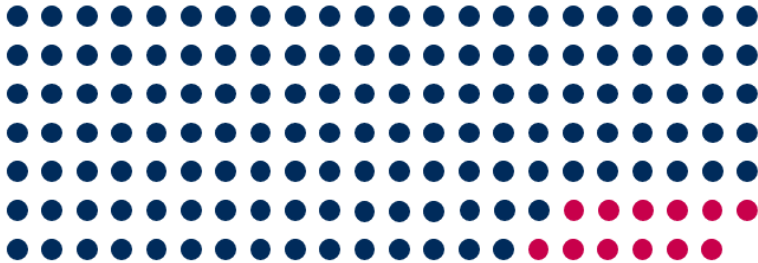
Global Reach
Local Teams



Influential in Internet,
Technology & Services



Execution Powerhouse



154 Closed Deals since Foundation 1999
13 Closed Deals in the last 12 months



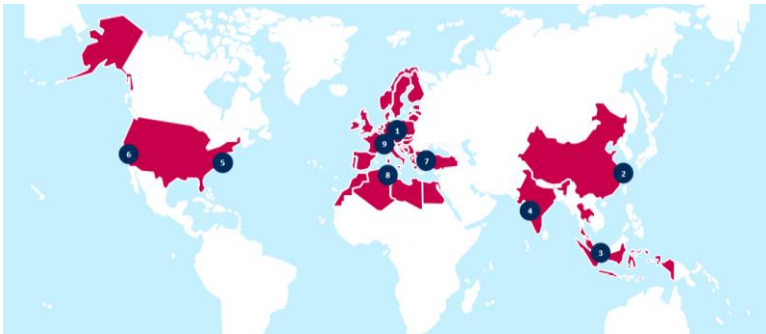
Entrepreneurial Solutions,
No Advisory



Independent Partnership



Focused on Innovation &
Digitalization



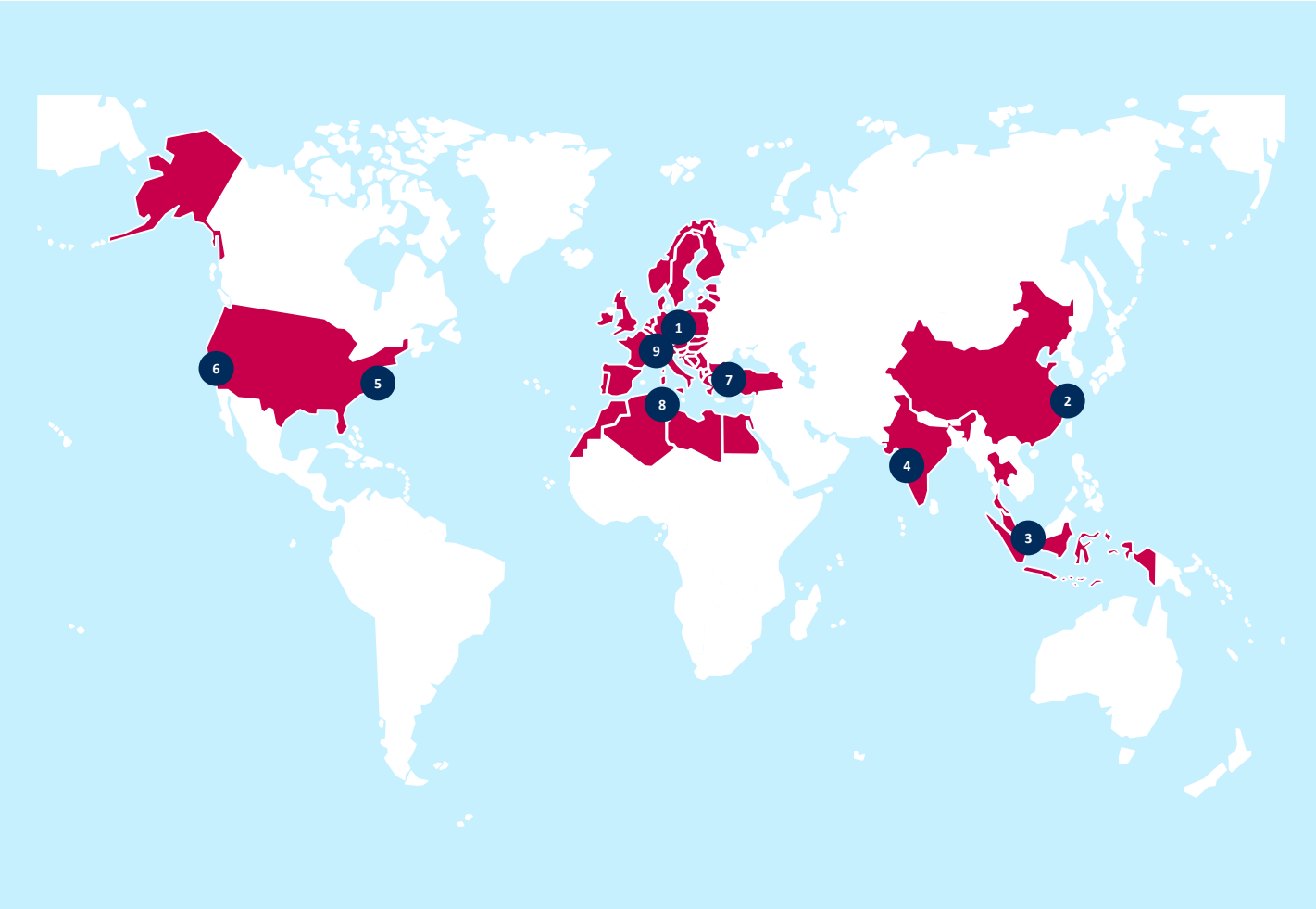
9 offices in 7 countries w/ **12** Managing Directors
Powerful in Europe, Asia and the United States

IEG - Solution Focused & Integrated Investment Banking

MERGERS & ACQUISITIONS	FINANCINGS*	PRINCIPAL INVESTMENTS
Acquisitions	Debt Financing	12-Apostel Ecosystem Vehicles
Disposals	Equity & Equity Linked Financing	IEG Copilot Fund
Mergers	IPO Advisory	IEG Crypto Indices
Joint Ventures	Project Finance	IEG Crypto Fund
Privatizations	Acquisition Finance	IEG Thematic Funds

IEG - Global Reach – Local Presence

9 OFFICES IN 7 COUNTRIES WITH 12 MANAGING DIRECTORS



1 Berlin (HQ)



2 Shanghai (50% Ownership)



3 Singapore (50% Ownership)



4 Mumbai (50% Ownership)



5 New York City (Strategic Partner)



6 San Francisco (50% Ownership)



7 Istanbul (51% Ownership)



8 Tunis (45% Ownership)



9 Stuttgart (100% Ownership)

Contact

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Threat
Risk
Fear

ICOs



Opportunity

Negative Perception

- No KYC and AML
- Lack of company valuations and evaluation: no prototype, real product, market validation,
- White papers highly technical – no PPM
- Promises in a white paper to solve a particular issue with the power of Blockchain.
- Lack of entrepreneurship with little execution experience.
- ICOs are similar to Penny stock
- Questionable marketing activities –
- No investor education and risk awareness
- Speculation of utility tokens
- Unregulated
- Gold-rush mentality

Blockchain

Intrinsic capabilities to be seedy?

- Anonymous - pseudonym
- No AML and KYC check
- New unregulated way to raise money
- Bypass middleman and government
- International
- Secure money transfer



Questionable Coins: Jesuscoin

Crowd sale of Jesus Coins: promise to forgive sins and fight corruption



 Jesus Coin (JC) 0.000429 USD (4.65%) 0.00000004 BTC		
RANK	MARKET CAP	VOLUME (24H)
545	\$6.36 M USD	\$25.02 K USD
Powered by CoinMarketCap		

Currently traded on:



EtherDelta



Stocks.
exchange

As featured in:



Bloomberg

DAILY BEAST

LA VANGUARDIA

theguardian



From Anarchism to Mainstream

Transition 2017 to 2018. What happened and where it it going?

2017

- Use Blockchain technology and smart contracts to raise money – mostly Ethereum
- Utility tokens
- Whitepaper
- Governments in other countries on the side-line
- KYC and AML checks limited or inexistent
- Exchange platform get hacked

2018

- New Blockchain solutions on the horizon: NEO, Dispatchlabs, etc
- Securitized tokens
- PPM
- Regulators step in.
- KYC and AML checks mandatory
- Security increased
- Entrance of institutions: Trading on CBOE increase of liquidity
- Interoperation of currently existing blockchain networks

3 Types of Token

Currency Token

- Digital currencies regulate the generation of units of currency.
- Crypto-ruble, Crypto-dollar as opposed to FIAT

Utility Token **Coupon**

- Similar to a Coupon
- Kickstarter on steroids

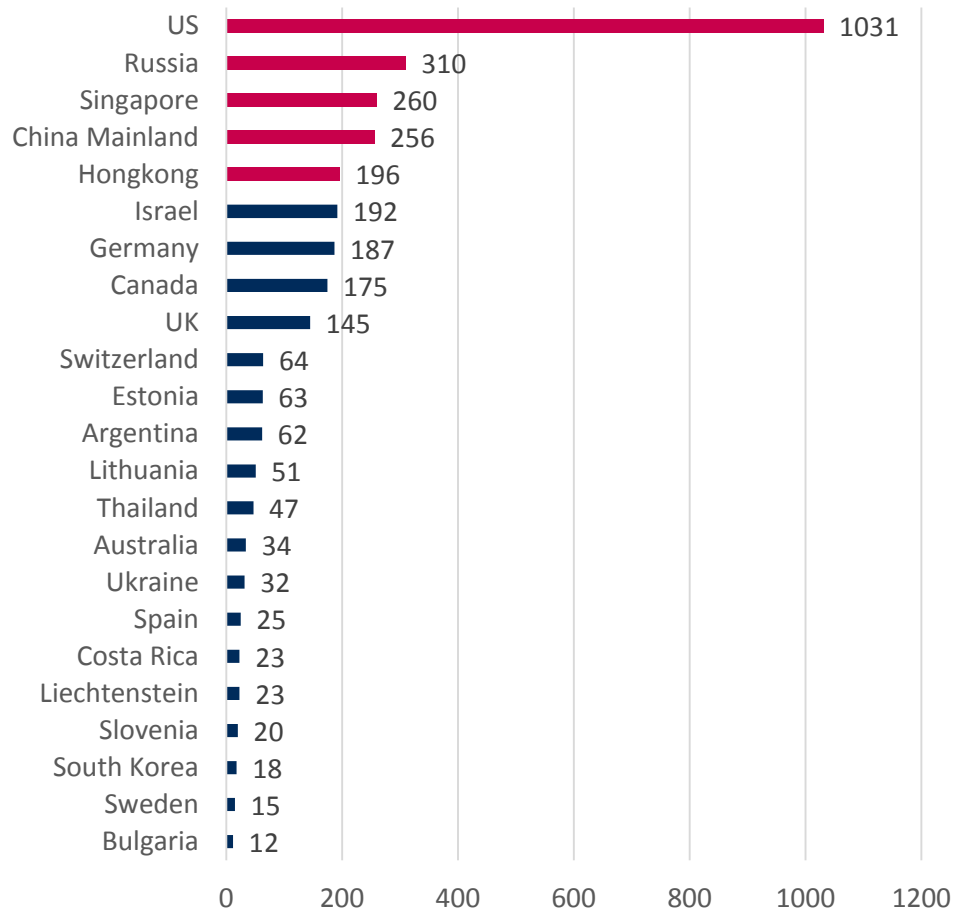
Security Token **Digital Shares**

- Tokens can be equity, debt, derivative
- **Howey Test** = security.



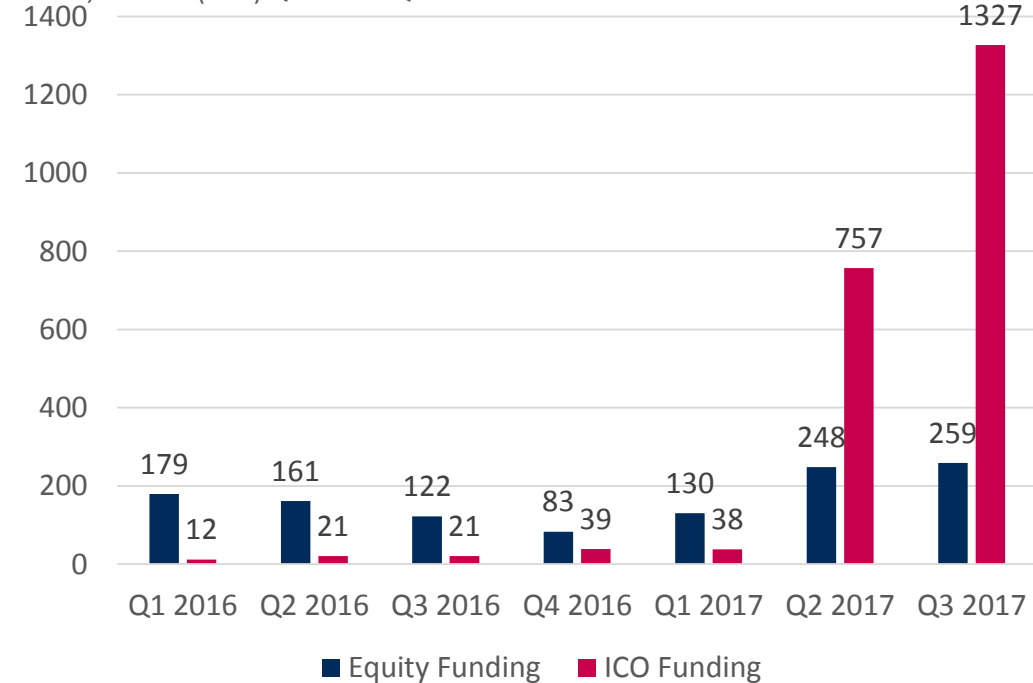
ICO Evolution 2017-2018

ICO PROJECT BY COUNTRY



ICO VS VENTURE CAPITAL

Global, Millions (USD) Q1 2016 – Q3 2017



The word "SECICO" is written in large, bold, white capital letters. It is superimposed on a blue-toned background. Behind the text is a transparent globe showing the Americas. A large metal padlock is positioned over the left side of the globe. In the background, there is a faint, circular logo with the text "FIRST AND EXCHANGE" and a stylized globe. The entire scene is set against a dark blue background with a pattern of glowing dots and lines, resembling a digital or network environment.

SECICO

ICO – Initial Coin Offering

It's a bit like a mix between an IPO and Online Crowdfunding, but for crypto currency.

Process where a company creates and sells its own specialized Tokens to raise capital.

Digital shares or Digital commodities.

- Consideration is typically Bitcoin or Ether.
- Tokens sold in ICOs
 - ERC-20 standard
 - utilize a smart contract.
- Tokens are a bundle of rights and entitlements.
- Equity, debt, derivatives or a mixture of all.



ICOs In The US

- Private placements
- ICOs are to be considered securities.
- ICOs are exempted from been registered
- How to conduct ICOs that conform to US SEC securities regulations
 - **Reg. A+**
 - **Reg. D 506c**
 - **Reg. CF**
 - **Reg. S**



ICO under Reg A+



	Tier 1	TIER 2
Maximum Offering	USD 20,000,000	USD 50,000,000
Investor Type	All, including non-accredited investors	All, including non-accredited investors
Individual Investment Limits	None	Unaccredited investors: the > 10 % of their income or 10 % of their net worth; Entities: 10% of revenue or net assets; Accredited Investors: Unlimited
General Solicitation	None	
Offering Documents	Unrestricted	Unrestricted
State Pre-emption	SEC review and State Review	SEC Review
Financial Disclosure	No: Coordinated State Review	Yes
Ongoing Disclosure	Reviewed Financials (certain states might require audits)	Audited Financials
Offering Documents	No Ongoing Public Financial Reporting	Annual and Semi-Annual Public Reporting incl. Audits
Ability to Terminate Ongoing Reporting Requirements	N/A	Less than 300 holders of Reg A+ stock
Transfer Restrictions	None	None

Regulation D 506c

- No dollar limit
- Private and public companies
- Form D
- No limitation on solicitation
- Accredited investors only
- Restricted tokens
- SAFTs
- No limits on type of security



506(c)

ICO under Reg. CF

- Accredited and unaccredited investors.
- Expensive Form C
- Available only to US issuers.
- 5% of yearly income or net worth if less than \$ 100k and 10% if > \$ 100k.
- Investment \$ 100k per year
- Cap of \$1.07M in a 12 month period.
- Securities restricted, registered broker-dealer or registered crowdfunding portal.
- Tombstone Marketing
- 3 tier placements



ICO under Reg. S

Sell securities to non US investors outside the US.

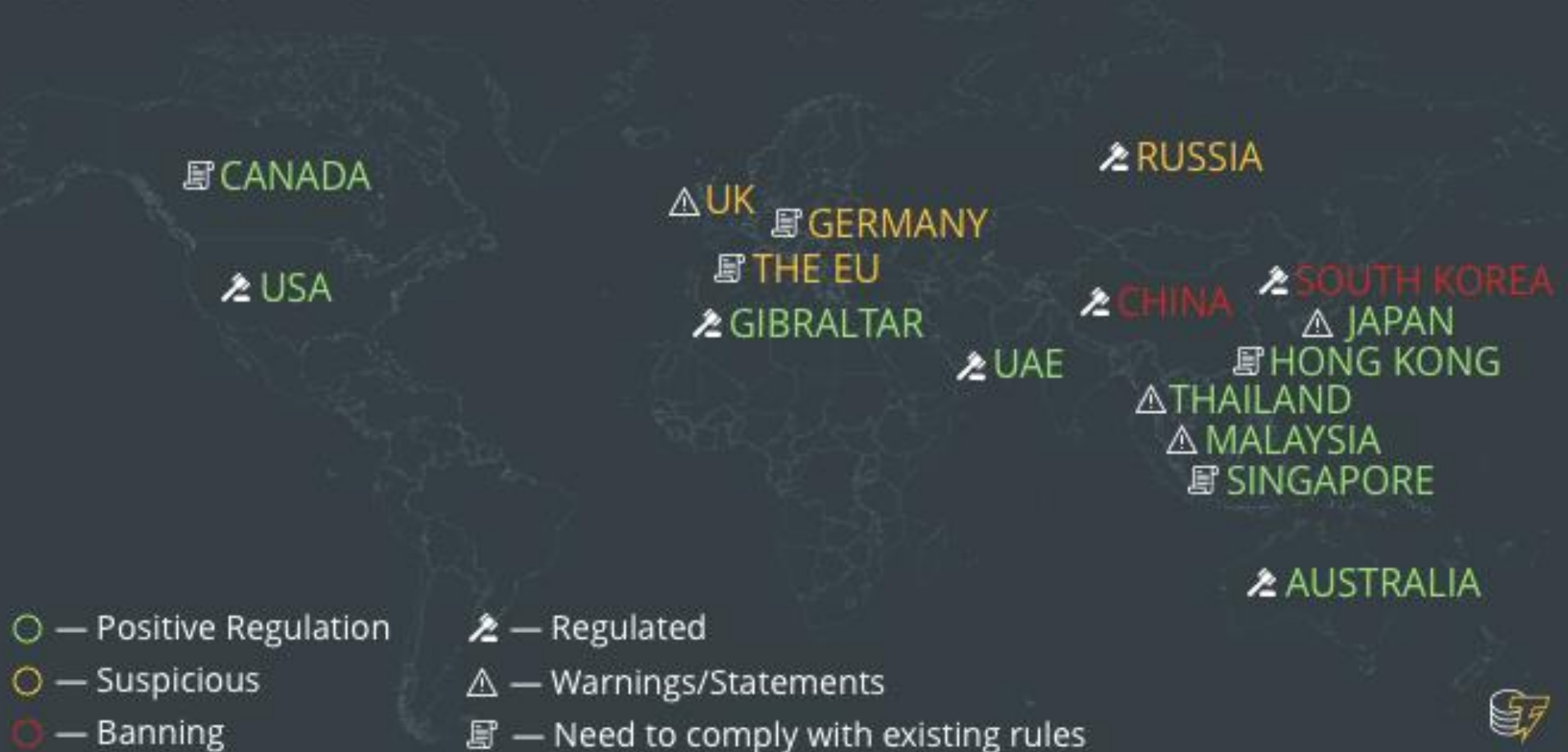
Problems with other jurisdictions:

1. Work with a local broker dealer
2. Set up a local fund with a local partner



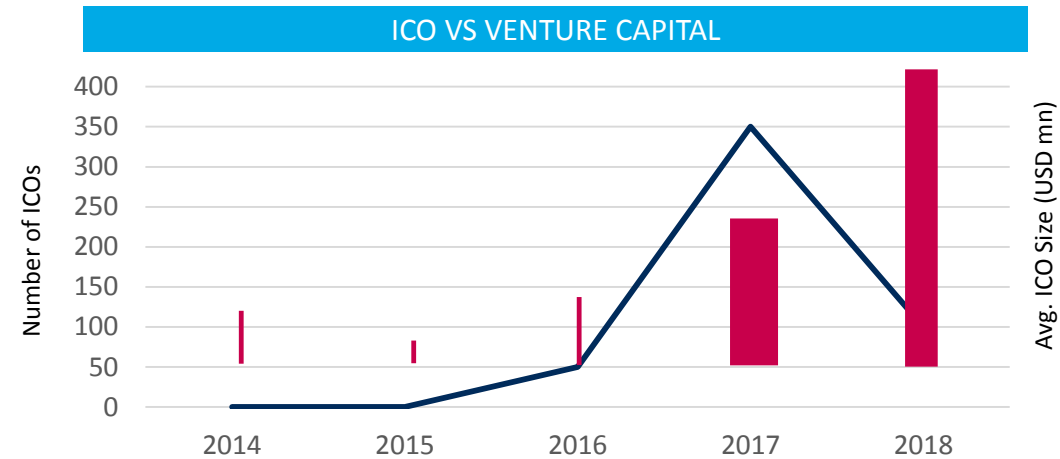
ICO Regulations by Country

ICO REGULATION APPROACH BY COUNTRIES



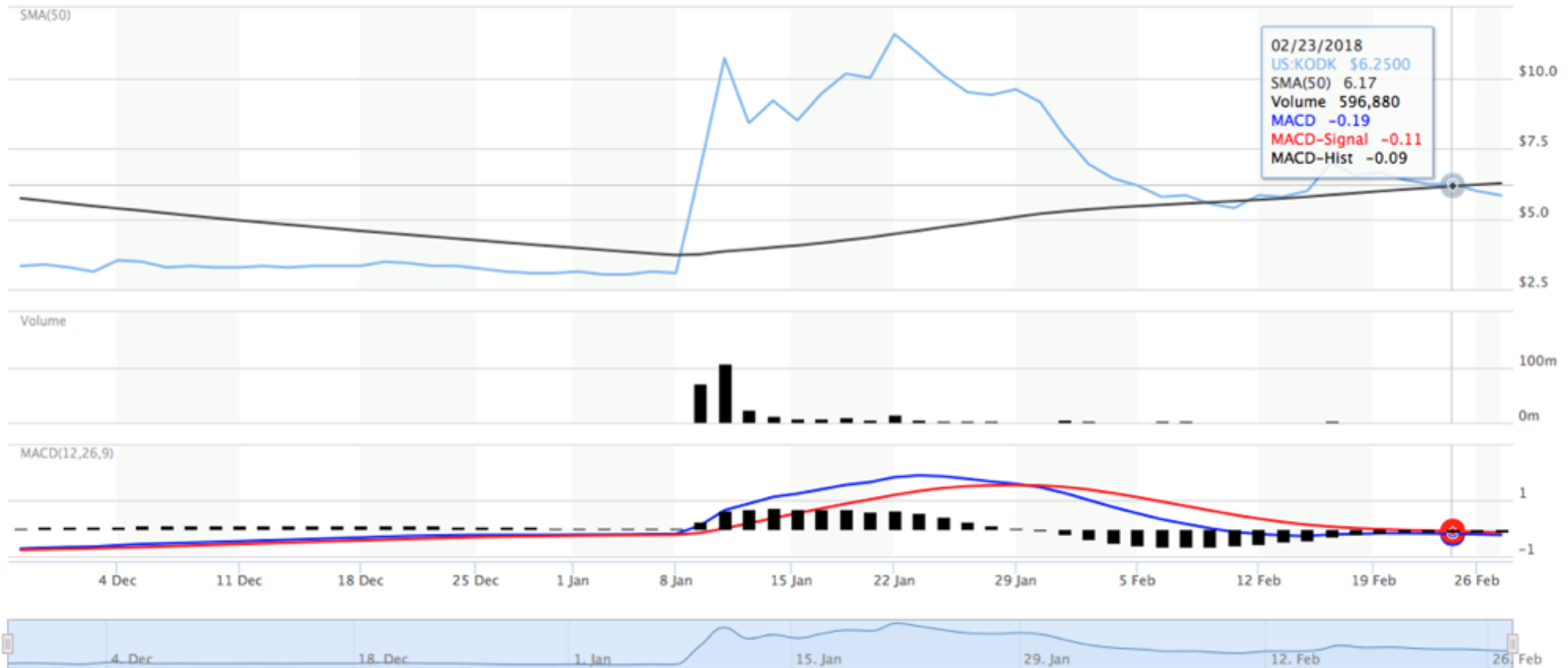
Series A, B, and C

- The average ICO
- \$ 20-40mm



Public Companies: Kodak Coins

Kodak's stock (KODK) prices sharply increased by 40%. However, after the delay was announced on Jan. 30, the stock dropped by more than 18 percent.



Tokenization of Real-World Assets

- Turning physical assets into tradable digital assets
- more liquidity and lowers barriers to entry for private investors
- Difficult to physically transfer or subdivide
- Tokenization: sell fractional pieces of an asset
- Security, speed and ease of transfer of Bitcoin, combined with real-world assets.
- This is a new form of an old concept: "securitization" (turning a set of assets into a security)



Exchange Platforms And Funds



- Registration SEC
- Required to register as exchanges or alternative trading platforms (ATs).
- Virgin Token to track KYC and AML
- Smart contract that checks KYC and AML
- ETFs
- ICO Funds
- Crypto Managed Funds
- Crypto Futures

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IEG Catena Fund I

IEG Catena Fund I

We will invest in Seed and pre-ICO rounds of early stage protocols that are well positioned to capture market share from centralized incumbents.

We will add lead-VC value:

- Feedback on protocol design
- Help in building out team
- Help with ecosystem partnerships
- Access to institutional investors via in-house regulation compliant ICO services

Investment Criteria

Level 1: Review project's team and underlying technology to eliminate superficial, low growth and fraudulent offerings.

Level 2: Diligence on team, thesis, code, security, vision, momentum, partners, roadmap, operations, structure, geographies, cryptography, incentive design, applications, utility, compliance, industry specifics, token mechanics, economics, competition and growth potential.

Level 3: Track engagement and involvement on Github and the strength and passion of the developer community around a project (much like any developer tools startup)

A New Set of KPIs

“Digital assets are an entirely new and unique asset class that can’t be evaluated using the same frameworks used to value traditional investments.”

Post-Funding

Track each investment performance relative to investment thesis

- Unique performance metrics that typically cover:
 - Social community growth
 - Developer community growth
 - Network growth
 - Roadmap execution
 - Security
 - Competitive environment

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Providing Intelligence for the Cryptocurrency Market

IEG Crypto Intelligence

Q1 2018

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AGENDA

- 1 Overview
- 2 Problem Statement
- 3 Market Opportunity
- 4 Product Description
- 5 Competitor Analysis

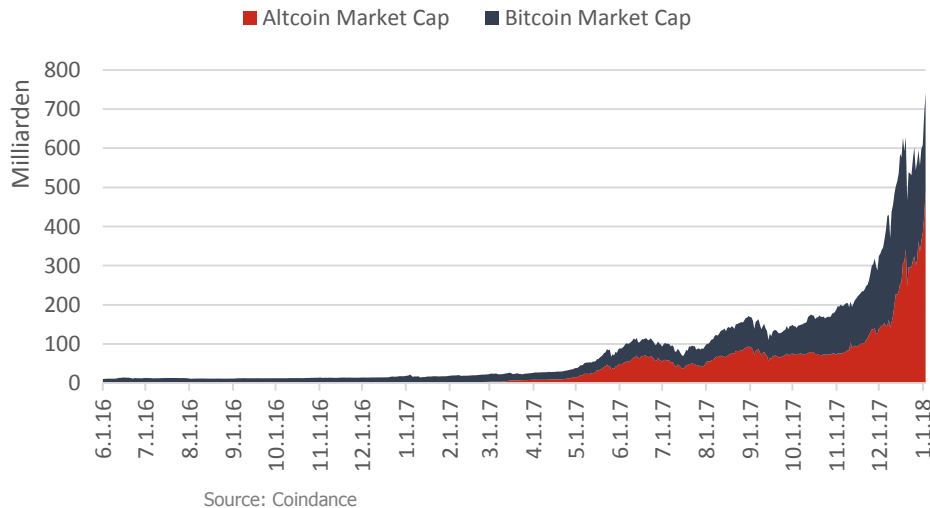
OVERVIEW OF THE CRYPTO MARKET

CRYPTOCURRENCIES – THE NEXT BIG THING?

- The first cryptocurrency, Bitcoin, began operating in 2009 and is the first cryptocurrency to leverage Blockchain technology
- Since Bitcoin, many other cryptocurrencies (“altcoins”) with different parameters (supply, block time, etc) have been introduced
- In December 2017, the combined cryptocurrency market capitalisation breached the \$400 billion mark, a massive increase from a \$27 billion MCAP in April the same year. Market capitalisation current as of 4 January 2018 is \$700 billion.

Source: Global Cryptocurrency Benchmarking Study

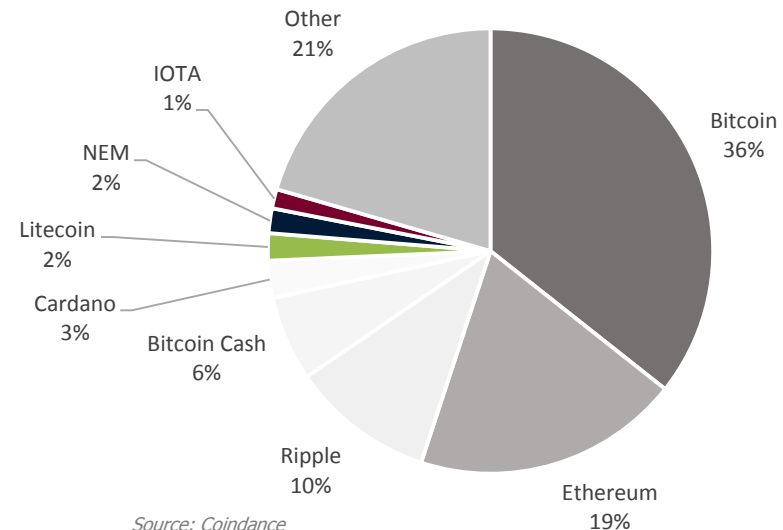
EXPONENTIAL GROWTH IN CRYPTOCURRENCY MARKET



FACTS AND FIGURES

- Cryptocurrencies have gained popularity due to the decentralised, trustless attributes of the block chain - thus not relying on any centralised third party that form a potential hacking target
- According to Coinmarketcap, there are now more than 1300 crypto currencies in the market. However, many exist largely as copycats of Bitcoin and provide little differentiation or innovation
- Rise of altcoins: at the beginning of 2016, Bitcoin's market share of the total cryptocurrency market was 91.3%. As of December 12th 2017, it was 62%. As of 4th January 2018, Bitcoin's market share is 36%.

CRYPTOCURRENCIES BY MARKET CAPITALISATION (10 JAN 2018)



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1 | Overview

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PROBLEM STATEMENT

Globally, there is a lack of a **Global Standard** and **Comprehensive Coverage** for the Cryptocurrency Market

The surge in Bitcoin prices, rise in prominence for altcoins, Bitcoin's crash and Bitcoin Cash's rise – numerous events have happened in 2017's volatile run that simultaneously scares and excites investors. A common thread throughout is the fact that retail and institutional investors are frantically trying to learn and understand the uses and implications of cryptocurrencies and block chain.

LACK OF ADEQUATE, RELIABLE COVERAGE

Where can I get a sensing of the entire crypto market?

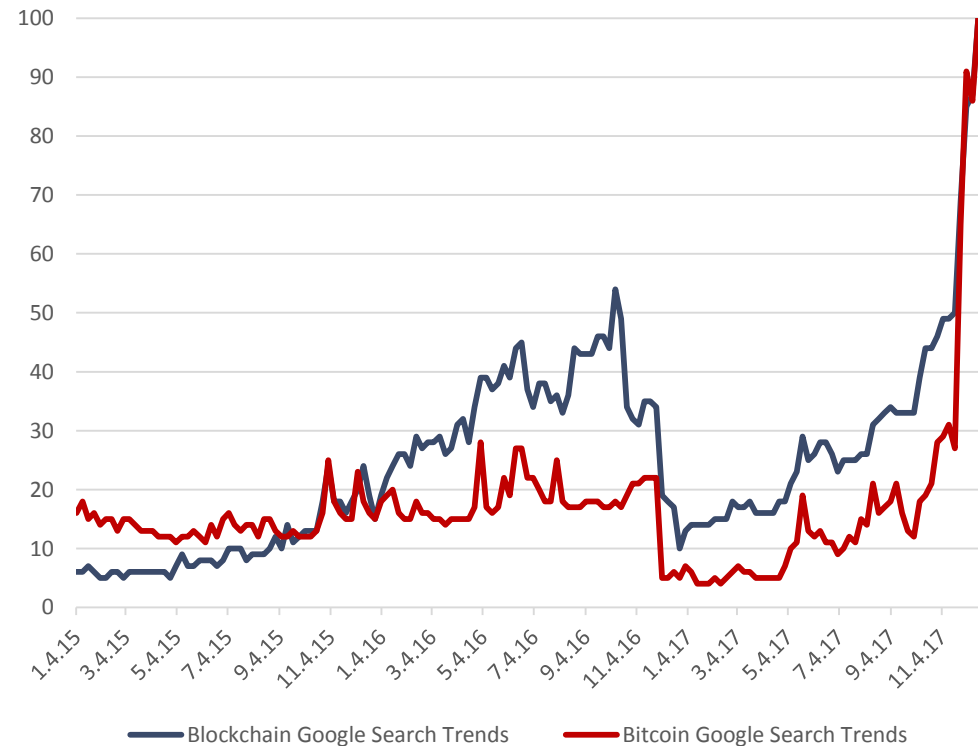
LACK OF CONVENTIONAL MARKET INDICES

What is the S&P equivalent for cryptocurrencies?

LACK OF CRYPTO ANALYSIS

Who are these new crypto funds, these new ICOs?

GOOGLE SEARCH VOLUME



(Y-axis) Interest Over Time: Numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the term. A value of 50 means that the term is half as popular. Likewise a score of 0 means the term was less than 1% as popular as the peak.
Source: coin.dance

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TO ADDRESS THE LACK OF COMPLETE INFORMATION IN THE SECTOR

We believe that there are many investors in the market who are interested in cryptocurrencies and blockchain companies. These target investors are discouraged by the lack of market information or intelligence systems which help to provide clarity and information relevant to understanding the industry.

KEY CHALLENGES



Concrete information is hard to find or do not exist

Compared to traditional industries, there is a much smaller quantity of proven research in the field



Verifying reliable information sources is challenging

Some layers of technology in newly introduced ICOs are at the white paper stage and are not yet proven to be effective, effective or purposeful



High level of technical understanding is required

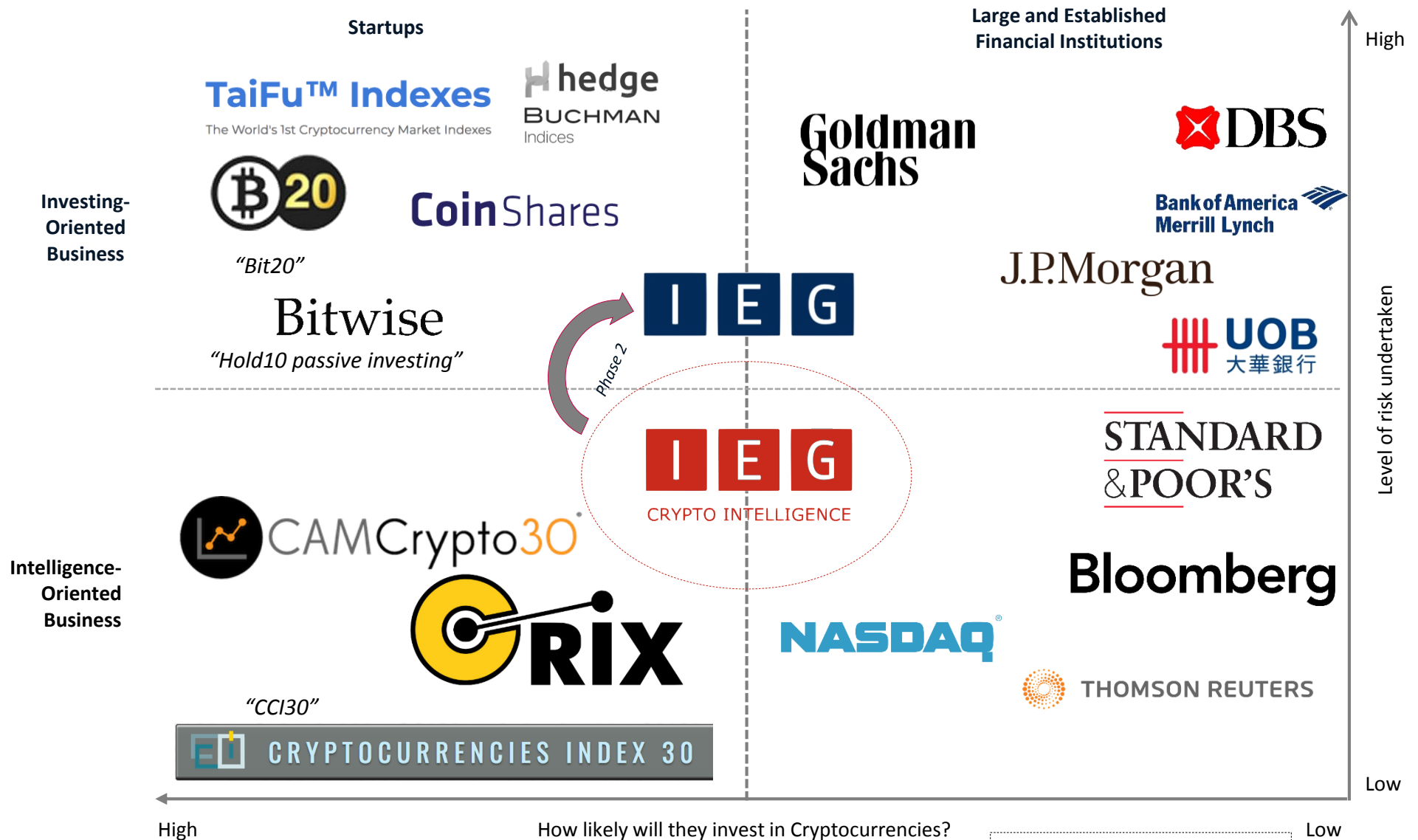
For non-technological investors, it takes time to read, understand, question and assimilate the information about the underlying technology and businesses



Lack of Trustable Brands

Large financial institutions generally avoid the volatile cryptocurrency industry or are waiting for it to mature further, while start-ups do not have the same degree of credibility and reputation

IEG CRYPTO'S COMPETITIVE POSITIONING

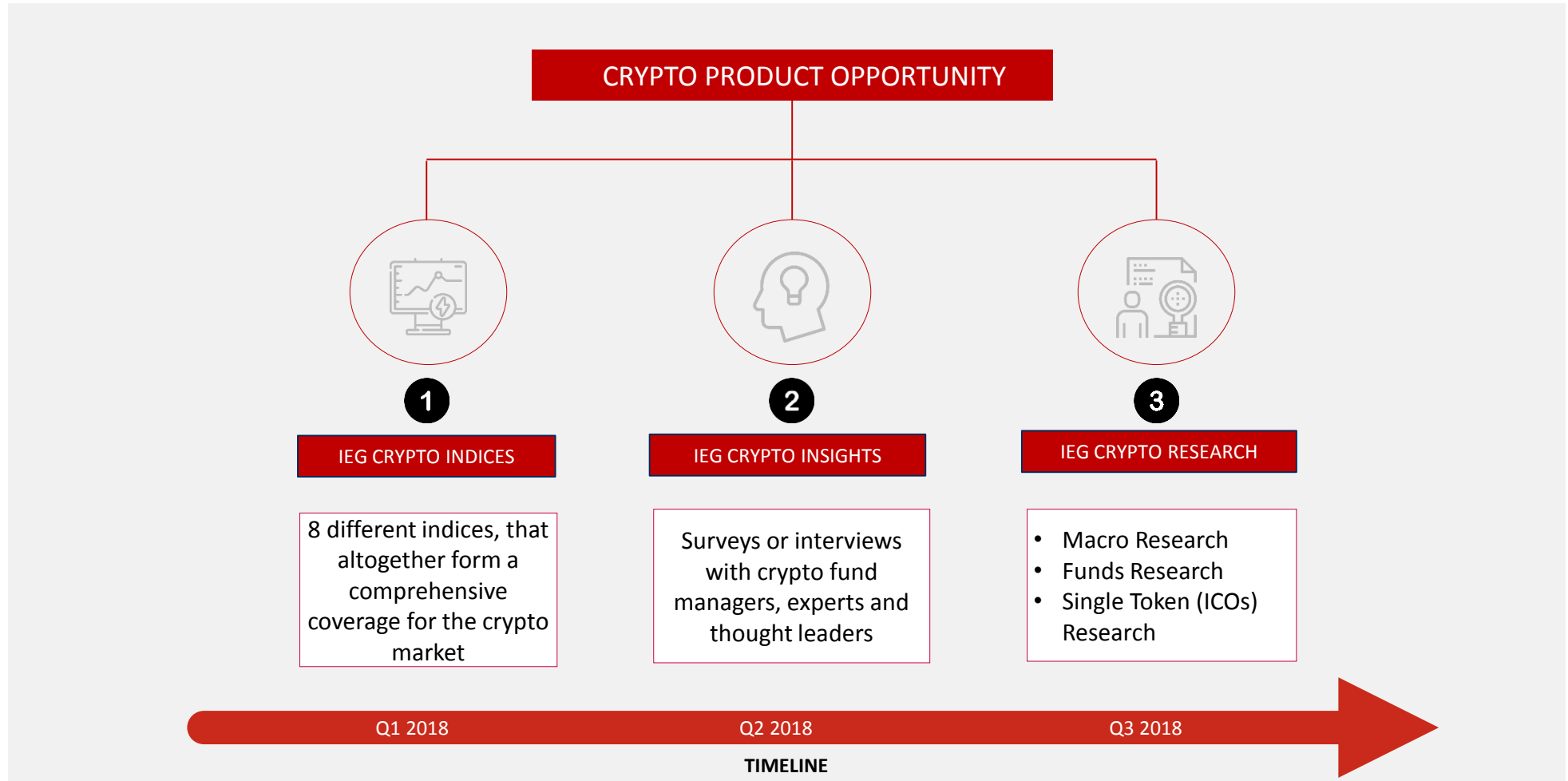


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IEG CRYPTO INTELLIGENCE STRUCTURE

As a tech-focused investment bank that has been in the market for close to 20 years, IEG has a perfect blend of flexibility, capability and a global reputation to provide credible, **independent** market information in a sector that investors wish to enter but are afraid to, due to lack of information or overexposure to single currencies.



1 IEG CRYPTO INDICES

WHY INDICES?

- 1) To map the Crypto market
- 2) To compare similar performance points easily
- 3) To segment the market and gain more consumable information

OBJECTIVE

To provide a comprehensive and reliable overview for the entire cryptocurrency market.

In each of our indices, we will provide

- 1) Performance
- 2) Value
- 3) Market Capitalisation
- 4) Percentage of Top-100 Market Capitalisation

AN IEG FAMILY OF INDICES

T5

Top 5 largest coins.

T10

Top 10 largest coins.

T25

Top 25 largest coins.

T50

The top 50 largest coins by market capitalisation captures a large share of the market.

M15

The top 25 coins, minus the top 10 coins.

M45

This index tracks the Top 50, minus the T5. It shows how the market performs without the top 5 most heavily traded and used cryptos.

S25

The top 50 coins, minus the top 25 coins.

B50

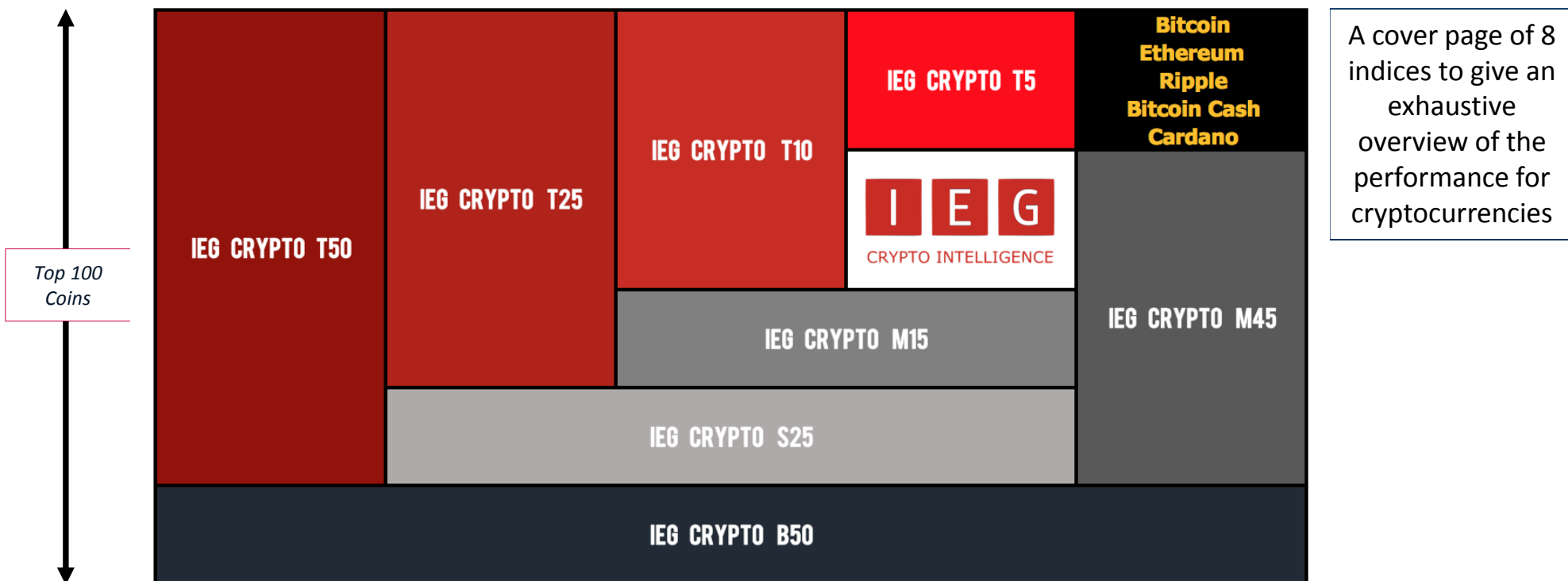
The largest coins ranked 51 to 100.

See Appendix for a breakdown for the index percentages of the entire cryptocurrency market capitalisation

1 INDICES PRODUCT VISUALISATION – INDICES TABLE

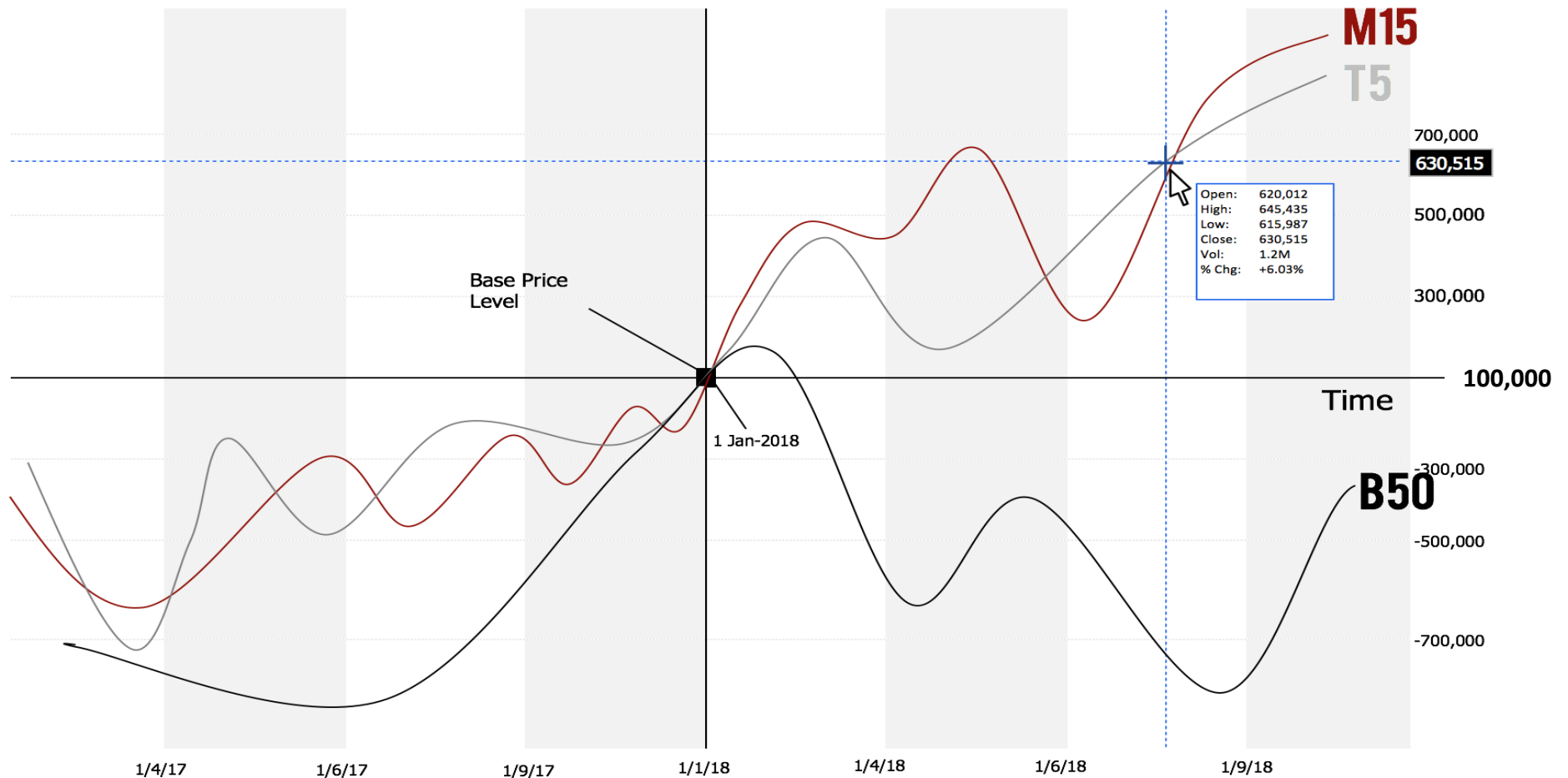
The IEG Crypto indices family will be built into a visually appealing indices table for the user to understand the market comprehensively. The red family in the table represents the "top X" currencies; the grey family represents the mid and small indices and the black family represents the bottom 50 currencies in the market. Overall, the table represents the top 100 cryptocurrencies.

This chart would be available in different time segments, such as **Daily, Monthly, Weekly, Quarterly** and **Yearly**.



1 INDICES PRODUCT VISUALISATION – INDICES CHART

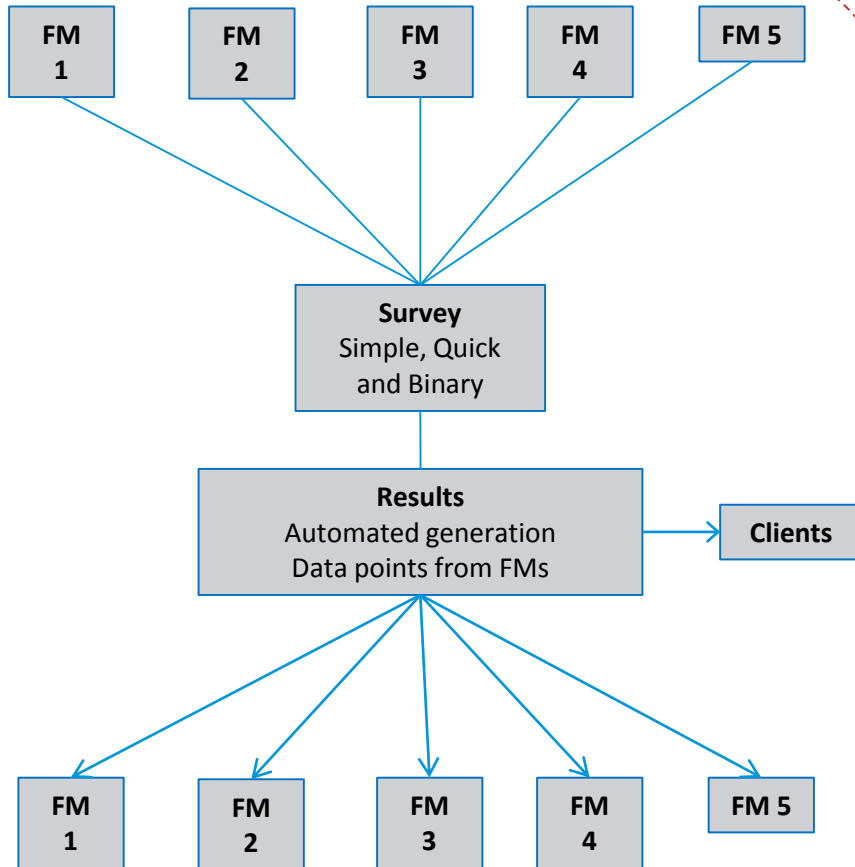
Data for the top 100 cryptocurrencies will be collated for the past year until a base point in time, 1 January 2018, where all the prices of the indices will be normalised to the **same base price level of 100,000**. From then on, the indices will move relative to the base price level at a base point in time. This allows the user to easily see the movements of all indices in the market, relative to each other. For example, by using the chart we can decipher whether T20 growth was driven by the growth in T5 or M15 cryptocurrencies.



2 IEG CRYPTO INSIGHTS

By gaining insights directly from representatives who are in the market, we are able to provide alternate sources of information for investors.

IEG Crypto Internal Market Intelligence



Quick and Simple

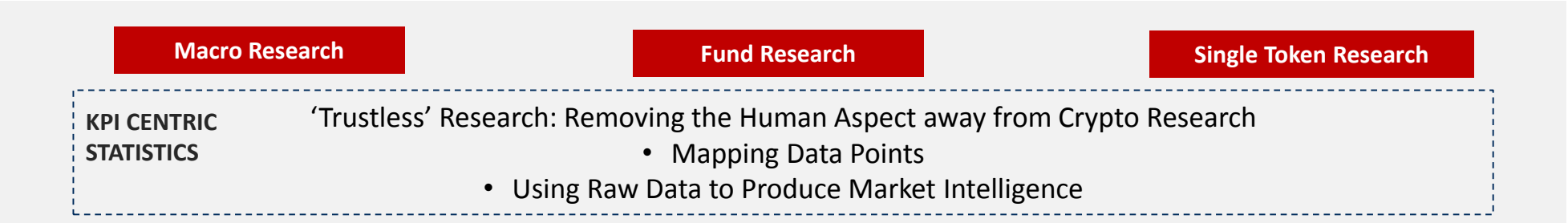
- Create quick and simple, binary-answer automated surveys weekly or monthly for credible individuals in the blockchain and cryptocurrency space, such as fund managers
- Crypto Fund Managers (FM) benefit from the consensus collation of their competitors. This gives them a good sensing of the general sentiment within their industry
- Those who come onboard with us gain access to valuable and desirable information
- IEG Crypto also benefits from the data collected through the surveys

Low risk, High return

- The beauty in this business model is that we believe we do not require selling or paying FMs to be part of IEG Crypto Insights
- The benefits the FMs gain from insights gathered by our surveys heavily outweigh the opportunity costs of doing them

3 IEG CRYPTO RESEARCH

To provide unbiased, independent research across three sectors: the overall crypto market (“Macro”), an analysis of crypto funds “Funds”, and coverage on selected ICOs (“Single Tokens”). On one hand we provide KPI Centric, data point only research. On another hand we provide value-added analysis.



Value-adding Human Research



Current market landscape



Geographical segmentation



Drivers, Challenges, Trends



Impacts and Forecasts



Investment Strategy



Fund performance



Factsheet on specific funds



Monthly highlights



What is the case for their usage?



How strong is their branding and marketing?



Are they an efficient solution to a problem?



Is there any social proof?

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