



IX SWAP

Version 1.02

Litepaper

Aug 24. 2021

The Uniswap for Security Tokens and Tokenized Stocks

The bridge between DeFi
and CeFi – bringing liquidity
to the STO market



Table of Content

Introduction	03
The Problem	04
The Opportunity	05
IX Swap Solution	07
IX Swap (IXS) Token	12
Roadmap	14
Team	15
Conclusion	16

Introduction

Recent developments in DeFi

Decentralized Finance have created exponential value for crypto and tokens, by adding new and innovative technology solutions that allow for “old world capital market activities” like lending, borrowing, and securitization to digital assets as well as the new digital era market making infrastructure.

There are currently no liquidity pools built specifically for the security tokens (STO) or tokenized stocks (TSO) industry, which is a multi-trillion dollar asset class under development. IX Swap is the World's 1st DeFi project focused on a solution to bring liquidity to the secondary trading for the STO and tokenized stocks, with the first CEX partner InvestaX, a Singapore licensed security token investment and trading platform. This is an enormous blue ocean opportunity for IX Swap.

IX Swap solves the liquidity problem for secondary trading of STO that is both algorithm driven and allows for anyone to participate in the allocation of market making capital and therefore benefit from the subsequent fees and benefits of being a liquidity provider. Our DeFi solution will bring in a new wave of liquidity to STO trading and solve a key industry problem using a decentralized protocol.



IX Swap is built by a team of capital markets and blockchain experts; both necessary skills and experience to develop product market fit.

The Problem

Lack of Market Makers

Given the complexity and nature of securities, cryptocurrency market makers are unable to provide market making services due to the absence of security licenses. Furthermore, the traditional licensed security market makers have little to no incentive to market make for this nascent market due to its current size.

Illiquid Market

Despite the STO market growing at an exponential rate of 59% annually, the monthly trading volume is just under \$11 million. Unlike traditional markets, STOs do not have a central depository. Each individual exchange currently holds a portion of the tokens that they can sell, resulting in extremely low liquidity of STOs on each exchange.

Non-Scalable Distribution

The current infrastructure of the security token industry is complex and has strict licensing requirements in different jurisdictions, creating a high barrier and a lack of licensed exchanges globally. Cross-listing between these exchanges also currently has significant limitations due to the different regulatory environments.

Strict licensing requirements

Security Tokens are by classification “securities”, as such, security laws in jurisdictions apply to trading and dealing with securities. You need a license, no matter which jurisdiction you are in, to issue or trade an STO. These licenses are often hard and cumbersome to attain, creating a barrier to entry for new entrants to the market.

Lack of real asset exposure in decentralized protocols

Digital wrappers and synthetic assets are pioneers to offer stock and non-crypto asset exposure. The introduction of synthetics of real assets in cryptocurrency was an innovative adoption in the cryptocurrency space in recent years, but the concept of synthetic exposure is not new in traditional finance (with the introduction of synthetic ETFs in 2001. Unfortunately, these assets do not provide real exposure to these assets in terms of equity rights as token holders are only provided economic interest in these securities).

The Opportunity

Private capital markets overshadow public markets in value and growth, and are dogged by inefficient, opaque processes. The introduction of blockchain technology has caused a paradigm shift, allowing for the tokenization of these markets in the form of security token offerings (STOs).

Total Private Assets Market

The total market size for private markets is currently \$7.5 Trillion, estimated to grow to \$15T in 2025.

**\$7.5
Trillion**

Total Private Markets

Total Security Token Market

It is expected that hard assets such as Real Estate and Commodities, as well as all types of Securities and Virtual Assets, will continue to get tokenized and become easily tradable for a fraction of the current costs. Assets that are currently being tokenized include:

- Private Equity
- Commodities (Gold, Oil)
- Real Estate
- Gaming and Virtual Reality Assets
- Venture Capital

0.014%

The total market size of private markets is currently valued at 6.5 trillion, compared to the STO market of 915 million. This only represents 0.014% of the total market size, showing clear growth potential for STOs and IX Swap liquidity pools.

\$915 Million

Total STO Market

The effect of tokenization on private assets

Tokenization of private assets unlocks the value inherent in the asset, inaccessible in illiquid traditional markets. At the same time, liquidity is increased as fractions of the asset can now be traded.



Across asset classes: Investment returns typically increase with the degree of illiquidity



IX Swap Solution

Automated Market Makers AMM

One of the more valuable innovations in the blockchain industry is the deployment of DeFi Liquidity Pools and Automatic Market Makers known as “AMM”. An AMM is a type of decentralized exchange (DEX) protocol that relies on a mathematical formula to price assets using blockchains and smart contracts. Instead of using an order book like a traditional exchange, assets are priced according to a pricing algorithm and any investor can participate in the DeFi liquidity pool and earn fees as a benefit. This opens up a plethora of opportunities.

1101x
Increase in 1 year



Prior to the introduction of AMM and liquidity pools to the cryptocurrency industry, decentralized exchange volume was almost non-existent. However, since the introduction of liquidity pools and automated market makers, the total monthly DEX volume increased from \$39.5m to \$43.5b in a year growing by 110,100%. We expect IX Swap to deliver similar or even better results for the STO industry.

Liquidity pools

IX Swap will be creating the first liquidity pools by allowing STO token holders to stake their tokens to become liquidity providers; receiving a share of the fees in return. Difference between the mechanics of liquidity providers for cryptocurrency and STOs/TSOs:

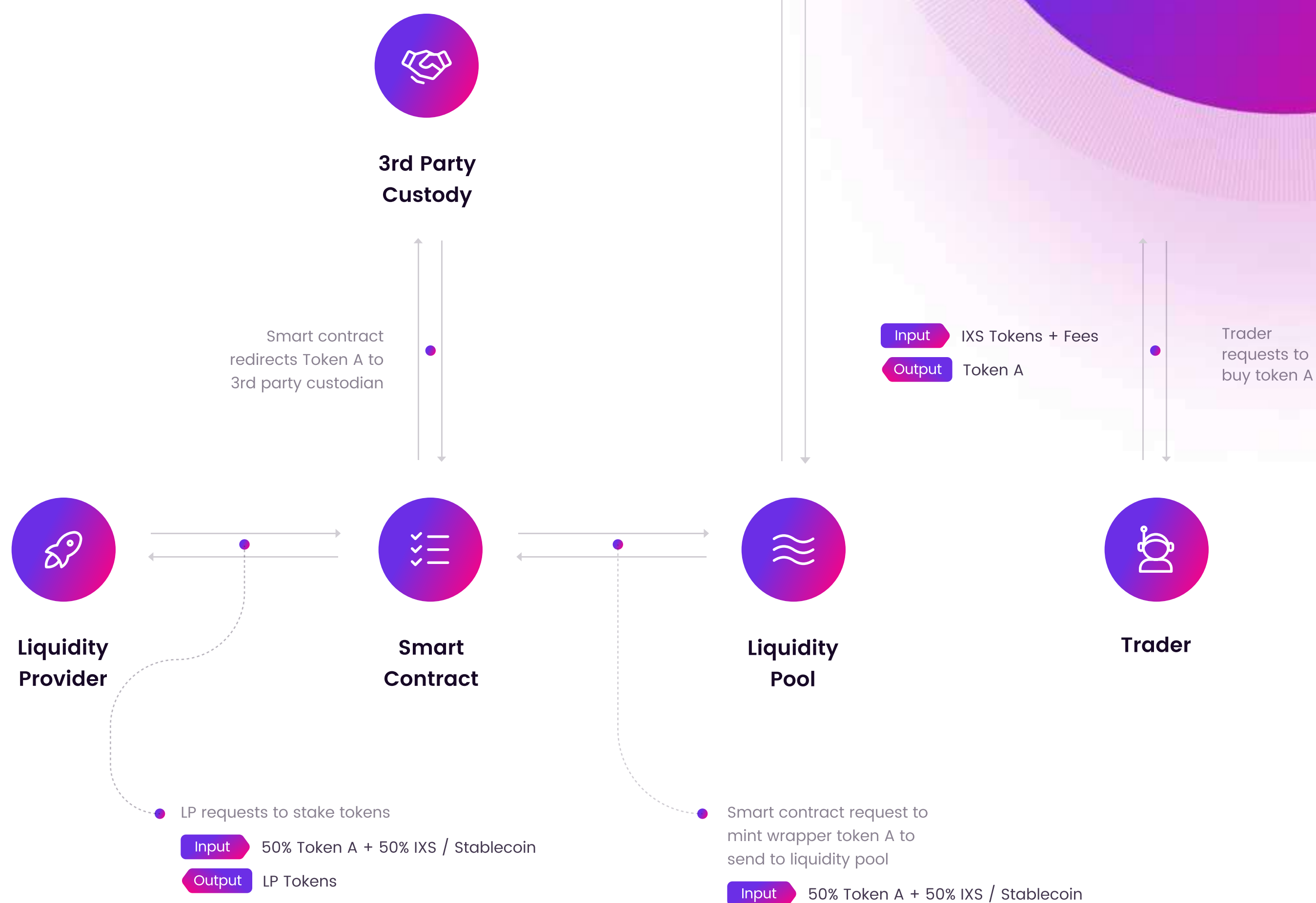
Liquidity Pools for Non-Custodial Assets Cryptocurrency



Liquidity Pools for Custodial Assets

STO / TSO

The key difference between the two is the introduction of a 3rd party licensed custodian for security tokens. Given the complexities and the need for a share registry for security tokens, dealing and trading STOs require licensed brokers and custodians to facilitate these transactions.



Impermanent Loss

IL Insurance

Impermanent loss occurs when the price of a deposited asset changes, compared to when it was deposited. The bigger the price change the larger the exposure to IL.

8% IL Insurance Fund



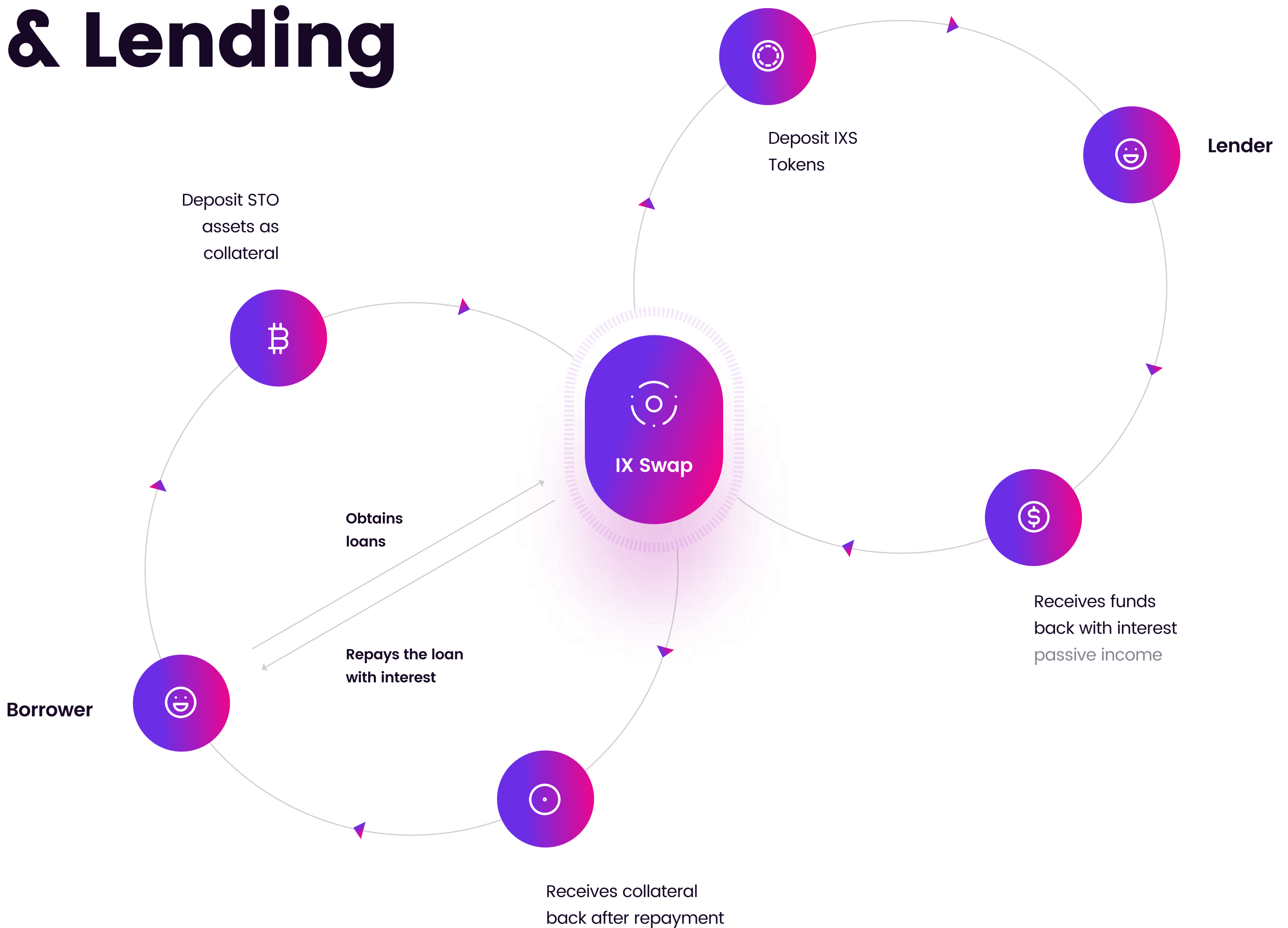
IX Swap has been structured to include an IL insurance mechanism to reduce the effect of IL on liquidity providers.

8% 8% of the funds allocated for the Ecosystem will be placed in the IL -insurance Vault

5% 5% of all trading fees are contributed towards the IL Insurance fund

50% 50% of all penalties from early termination of liquidity provision contract is contributed to IL Insurance Fund

Borrowing & Lending



There is currently little to no access to borrow or lend against STO/TSO

IX Swap will provide a lending and borrowing platform to allow STO/TSO holders to unlock the value of their idle assets

Similar to traditional markets, the loan will be a % of the asset's current market value

Lenders will receive their funds + interest paid by borrowers once the loan cycle has been completed

A smart contract will release the collateral (STO/TSO) once the loan has been repaid

IX Swap

IXS Token



•

IXS is the native currency for IX Swap

•

IXS will be distributed as incentive rewards to ecosystem contributors

•

IXS paired pools will have boosted returns over non-IXS paired pools

•

IXS paired pools will also have an added impermanent loss mitigation feature in place

•

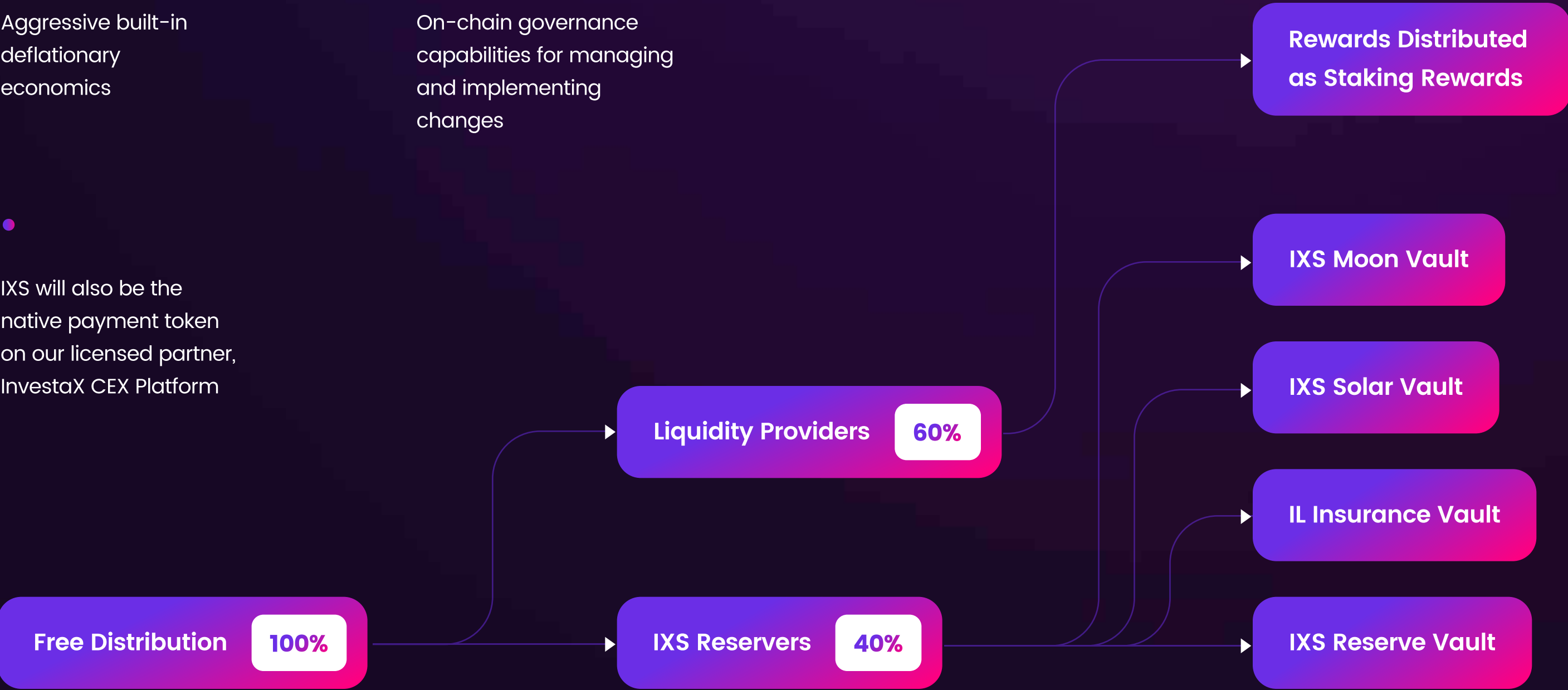
Aggressive built-in deflationary economics

•

On-chain governance capabilities for managing and implementing changes

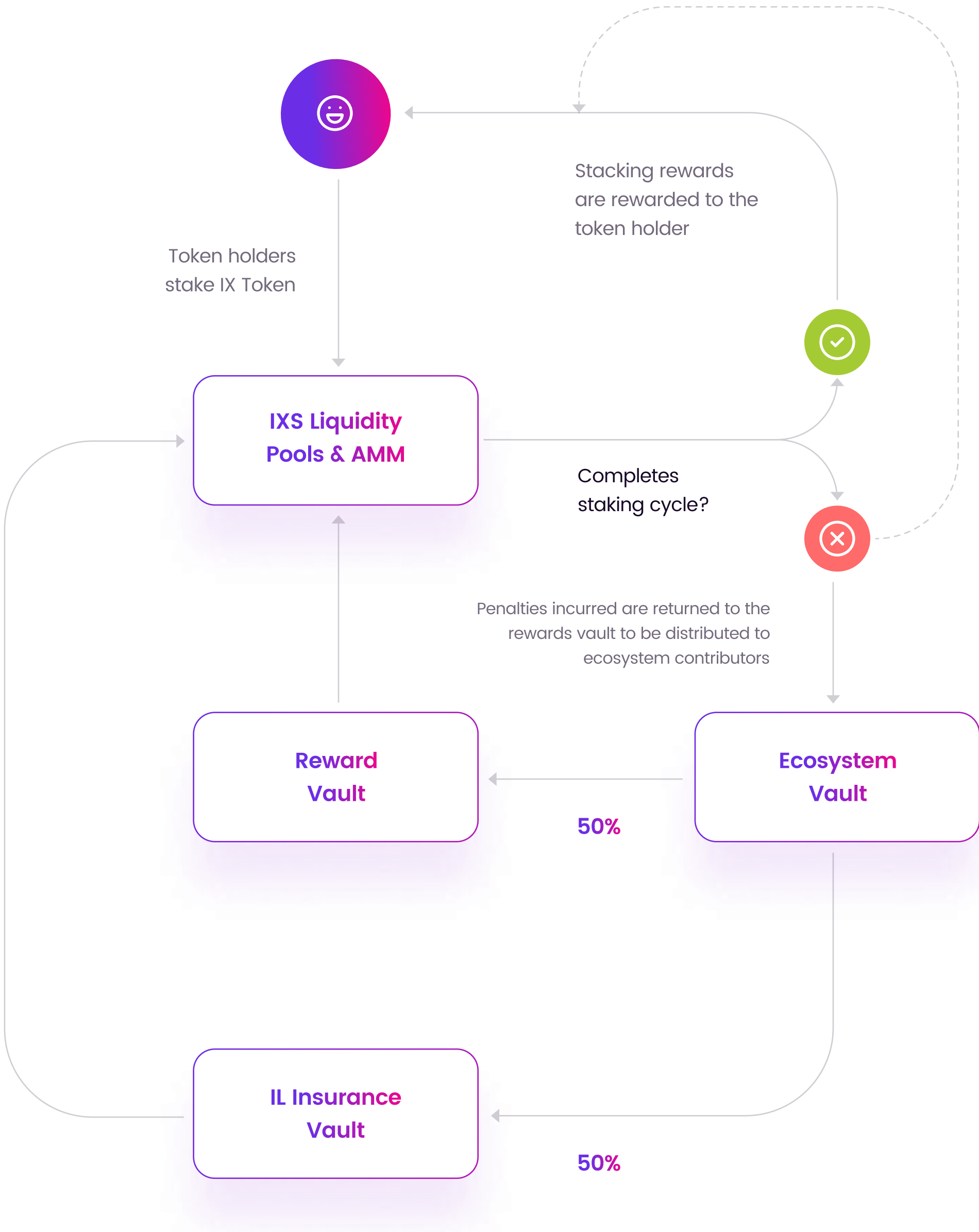
•

IXS will also be the native payment token on our licensed partner, InvestaX CEX Platform



Built in Deflationary Economics

Token holders will still receive token rewards* depending on the penalties incurred



Moon Vault
5% of the total fees contributed to the pools will be sent to the moon vault and will be used to purchase IXS tokens

Solar Vault
5% of the total fees accumulated are sent to a permanently locked smart contract

Boosted incentives for longer staking period
Liquidity providers are rewarded with boosted APY for committing to longer periods of liquidity provision

Penalties for withdrawing liquidity prior to finishing committed cycles

Incentive rewards are paid out over a period of 6 months



Roadmap



Team



Alexander Cucer
Chief Technology Officer

Over 10 years of experience in technology development and leading R&D teams that focus on blockchain and machine learning projects. Currently also acting as the CTO for Titanium Technologies.



Julian Kwan
Co-Founder

Julian is a 7 time founder, and believes in a tokenized world for all assets. Previous startups including social media/technology, real estate investment & development, proptech and blockchain. He believes IX Swap delivers key infrastructure to bring CeFi and DeFi together to create an explosion of value never seen before.



Asaf Yosifov
Managing Partner

Over 18 years of experience managing complex projects, using both local and offshore development teams developing products in diverse fields such as telecom, education, gaming, networking, travel, finance and more. Currently CEO of Titanium Group which has 6 branches and more than 110 engineers.



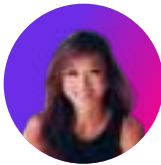
Tzahi Kanza
Managing Partner

Over 20 years of experience focusing on R&D and business for Blockchain, IT entrepreneurship and startups. Tzahi has founded over 6 companies over the last 13 years with a focus on blockchain technology, business, finance, and economics.



Aaron Ong
Co-Founder &
Business Development

Over 8 years of capital market and investment advisory experience at top tier banks such as UBS, DBS & Bank of Singapore. Advising and investing across all asset classes including traditional financial instruments & cryptocurrencies.



S. Alice Chen
Co-Founder &
General Counsel

With over 17 years of corporate & legal experience across multiple jurisdictions Alice is an Accomplished lawyer. She has worked at major international firms such as DLA Piper and Skadden Arps.



IX SWAP

Version 1.02

Litepaper

Updated Aug.24 2021

**IX Swap is the last
piece of infrastructure
needed to breathe life
to the STO/TSO
industry.**

**IX Swap is the liquidity solution
for all STO/TSO exchanges
globally, bridging the gap
between CeFi and DeFi.**

See you in the future

