



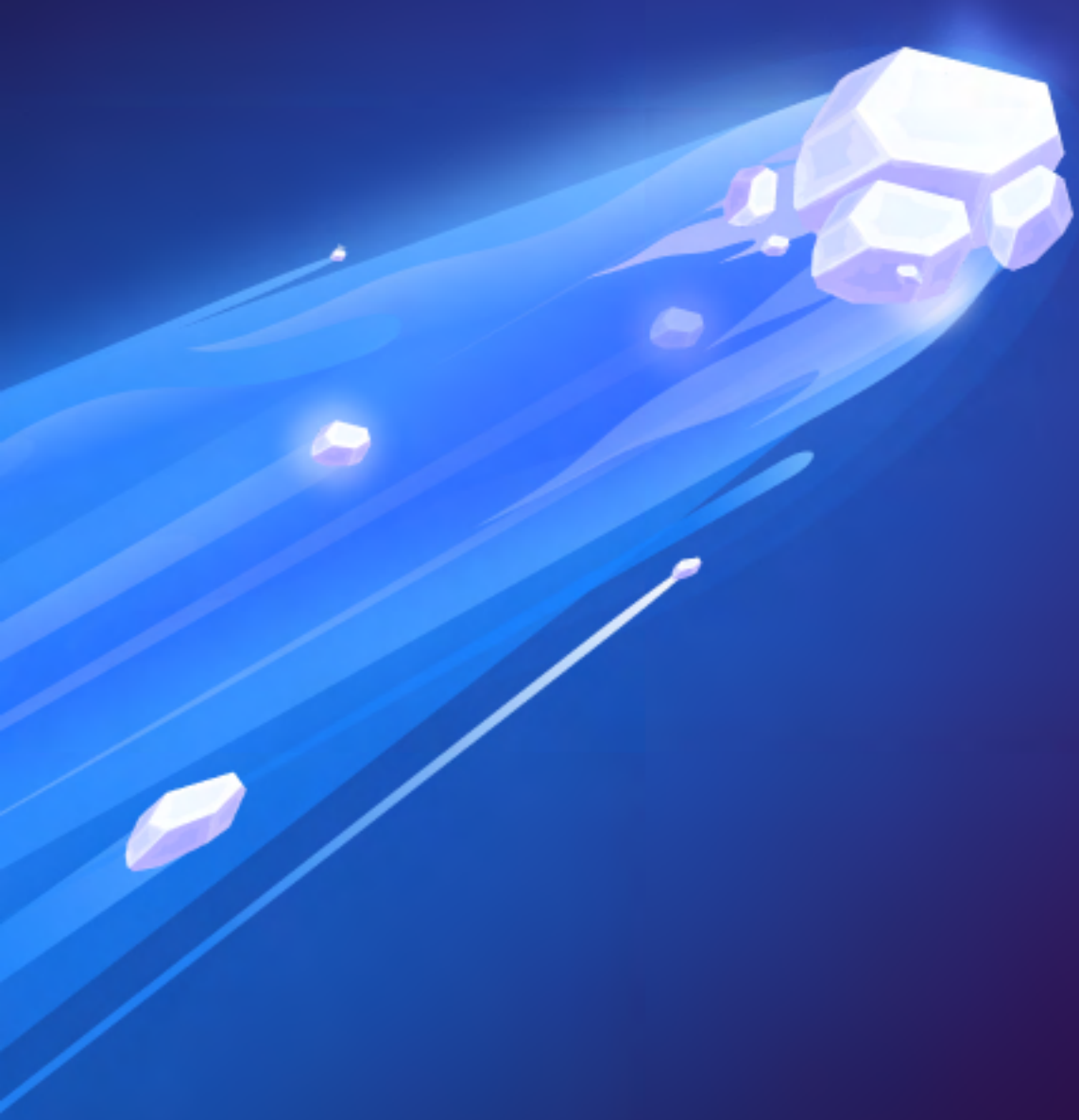
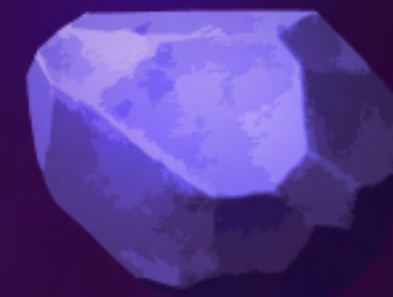
**IX SWAP**

Version 1.02

**Litepaper**

Aug 24, 2021

# The Uniswap for Security Tokens and Tokenized Stocks



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



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# 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.

## 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.

## 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).

## 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.

## 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.

# 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%

**\$915 Million**

Total STO Market

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.

# 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:

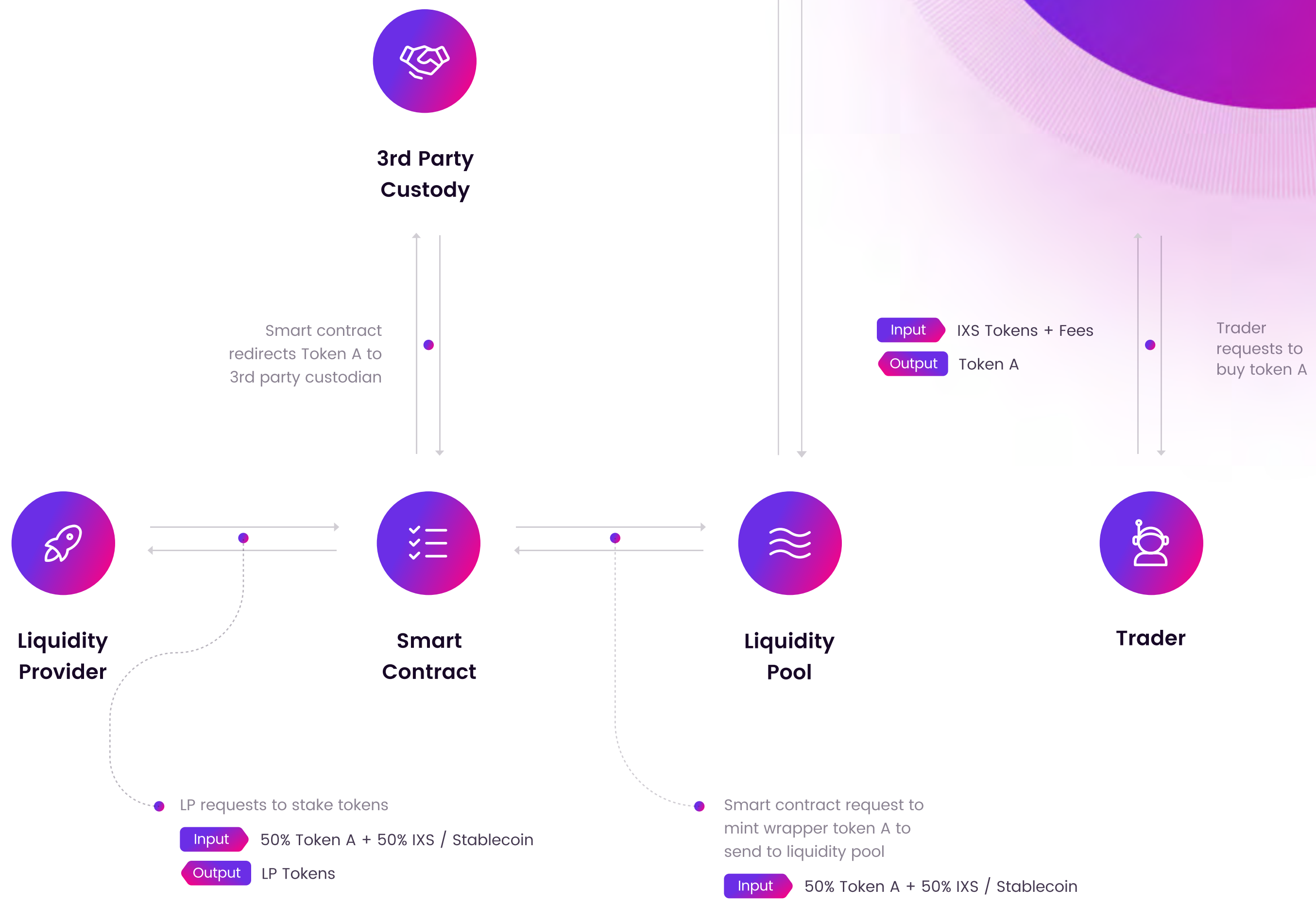
# Liquidity Pools for Non-Custodial Assets Cryptocurrency



# 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



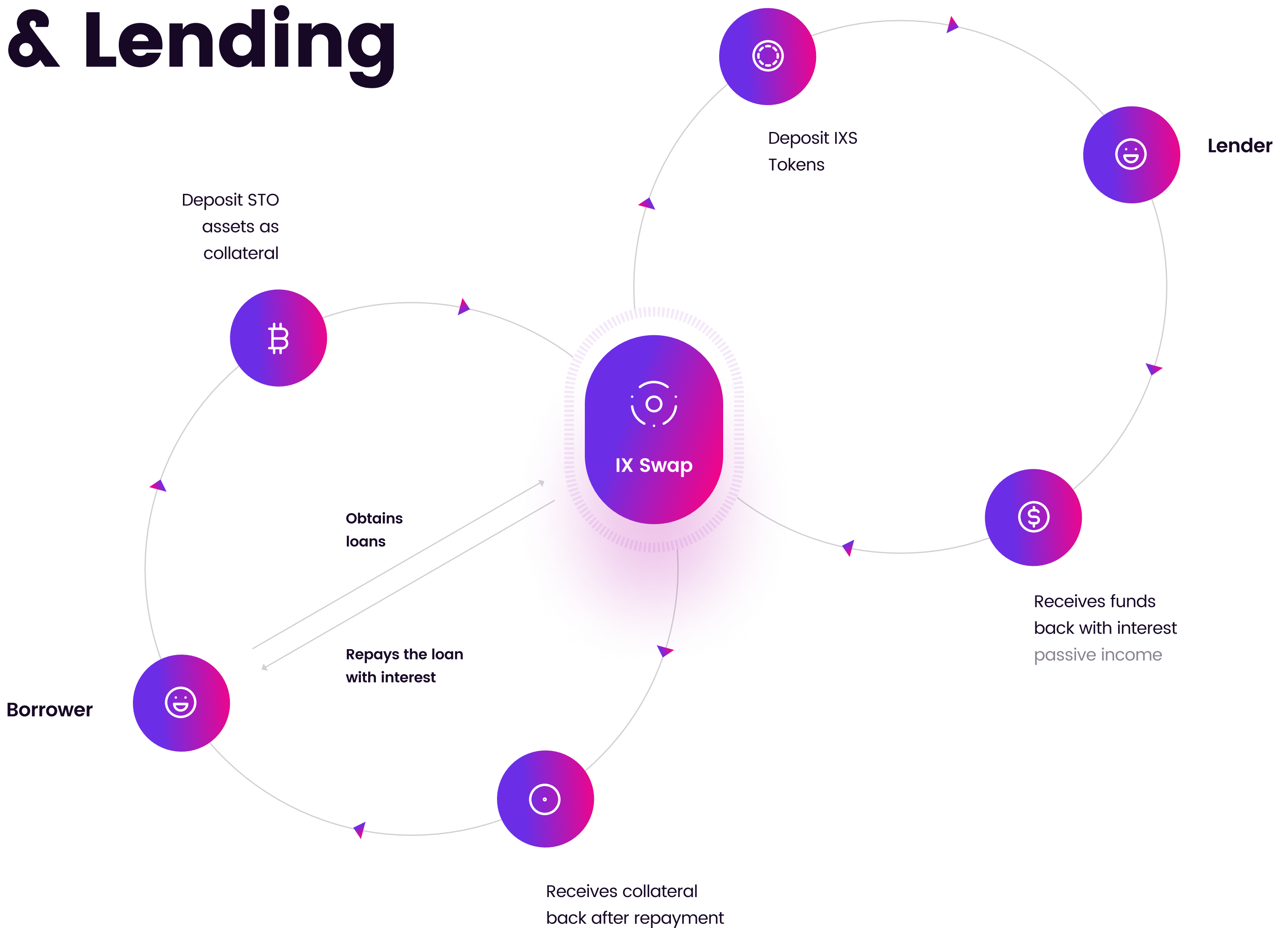
**IX Swap has been structured to include an IL insurance mechanism to reduce the effect of IL on liquidity providers.**

**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

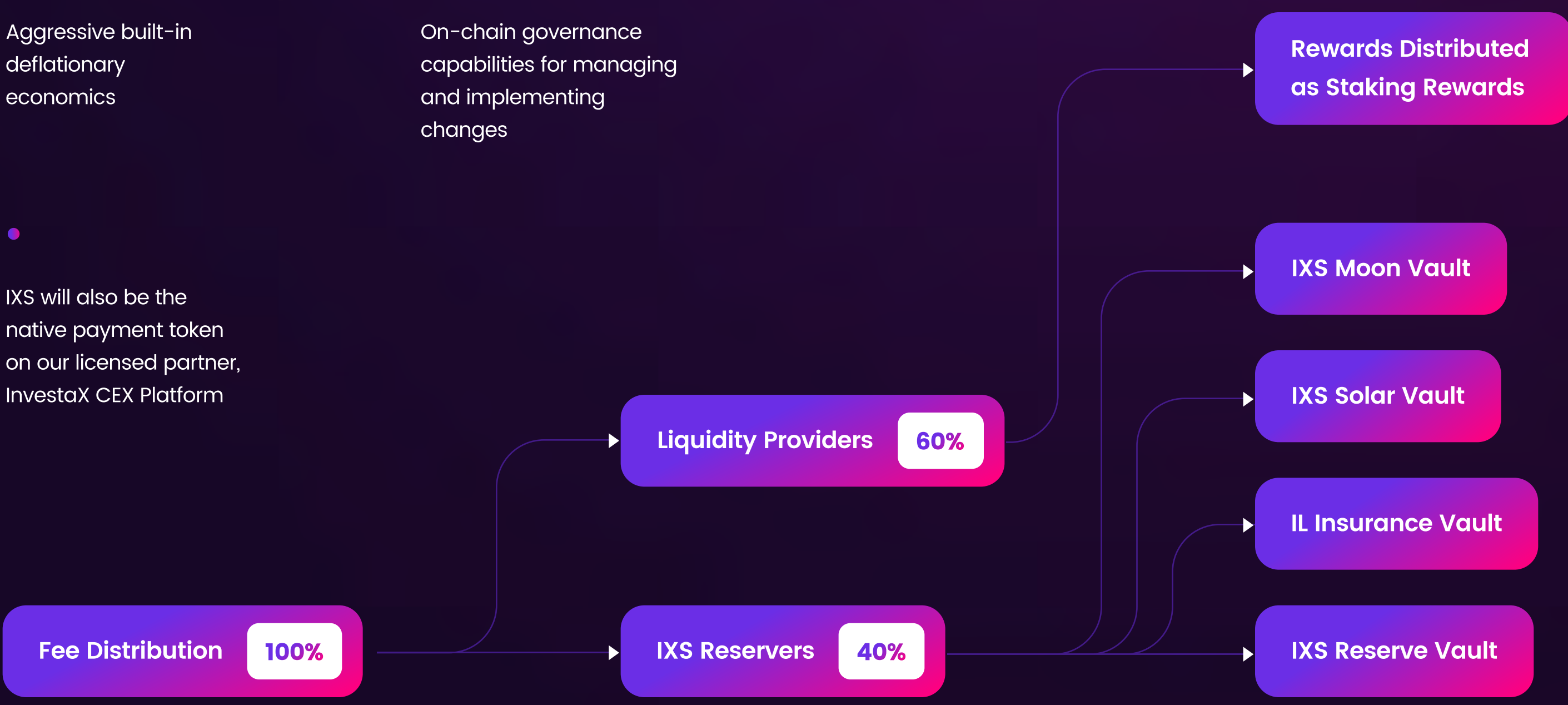
IXS paired pools will have boosted returns over non-IXS paired pools

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

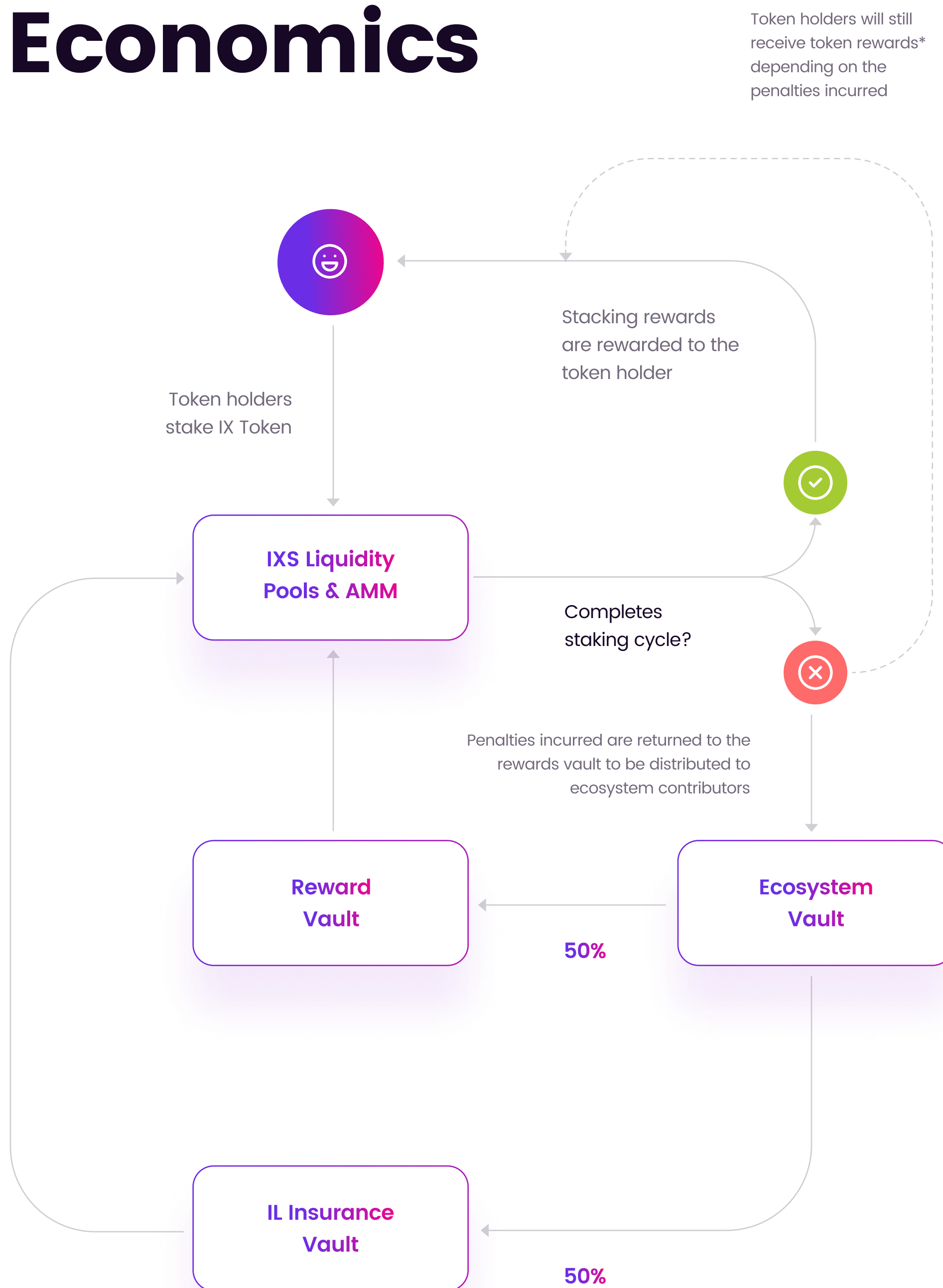
Aggressive built-in deflationary economics

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



### 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

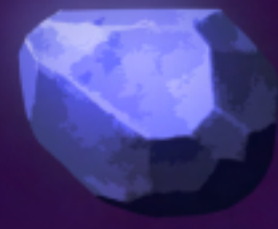
5% of the total fees accumulated are sent to a permanently locked smart contract

### 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



Q1 2022

## STO Swap Non-Traded

Coming on platform: Security token Swaps with the following functionalities:

1. Broker-Dealer Connectivity
2. Custodian Connectivity
3. Security Token (Non-traded) Swaps
4. Volatility Mitigation Functionality

Includes Smart Contract Audit Completion.

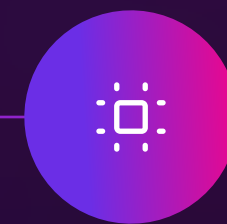


Q1 2022

## Staking Contracts Update

With auto-compounding features

Includes Smart Contract Audit Completion.



Q1 2022

## F-NFT Primary

Coming on platform: Primary Issuance of Fractionalized NFTs:

Owners will be able to conduct a primary raise through fractionalized NFTs and the primary raise will have a direct contribution to IXS Liquidity pools through our fractionalized market proposal (FMP)

Includes Smart Contract Audit Completion.



Q3 2022

## TSO Swaps Traded

Coming on platform: Tokenized Stock Swaps (For traded securities)

Oracle functionalities will be included in this model

Includes Smart Contract Audit Completion.



Q3 2022

## Project Janus

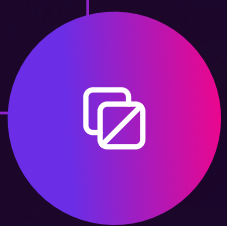
Details will be released at a later stage



Q2 2022

## STO Swap Upgrade

STO Swaps to be integrated onto the Polygon network



Q1 2022

## F-NFT Swaps

Coming on platform: Fractionalized NFT Swaps

Swaps flowed directly from FMP into Liquidity pools for secondary trading

Includes Smart Contract Audit Completion.



Q3 2022

## Project Skylab

Details will be released at a later stage



Q4 2022

## Project Hera

Details will be released at a later stage



Q4 2022

## STO Borrowing & Lending

Borrowing and Lending for Security Tokens (This has been pushed back to ensure sufficient data collection / testing has been done in this nascent market as the bulk of the exploits on blockchain now are due to loans)

Includes Smart Contract Audit Completion.

# Team



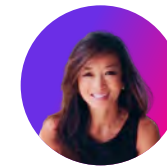
**Aaron Ong**  
Co-Founder &  
Business Development

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.



**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.



**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.



**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.



**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.



**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.



**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

