

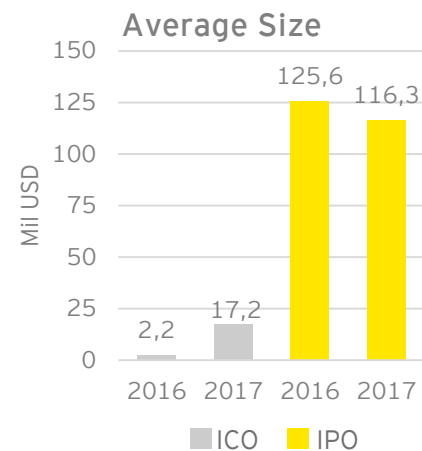
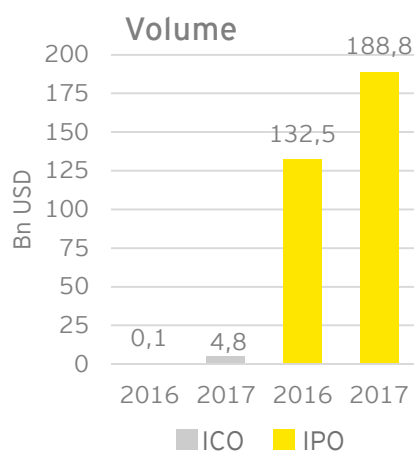
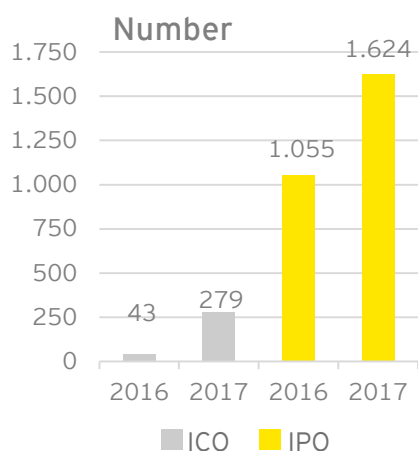
IPO and ICO markets at a glance

A current snapshot 2018

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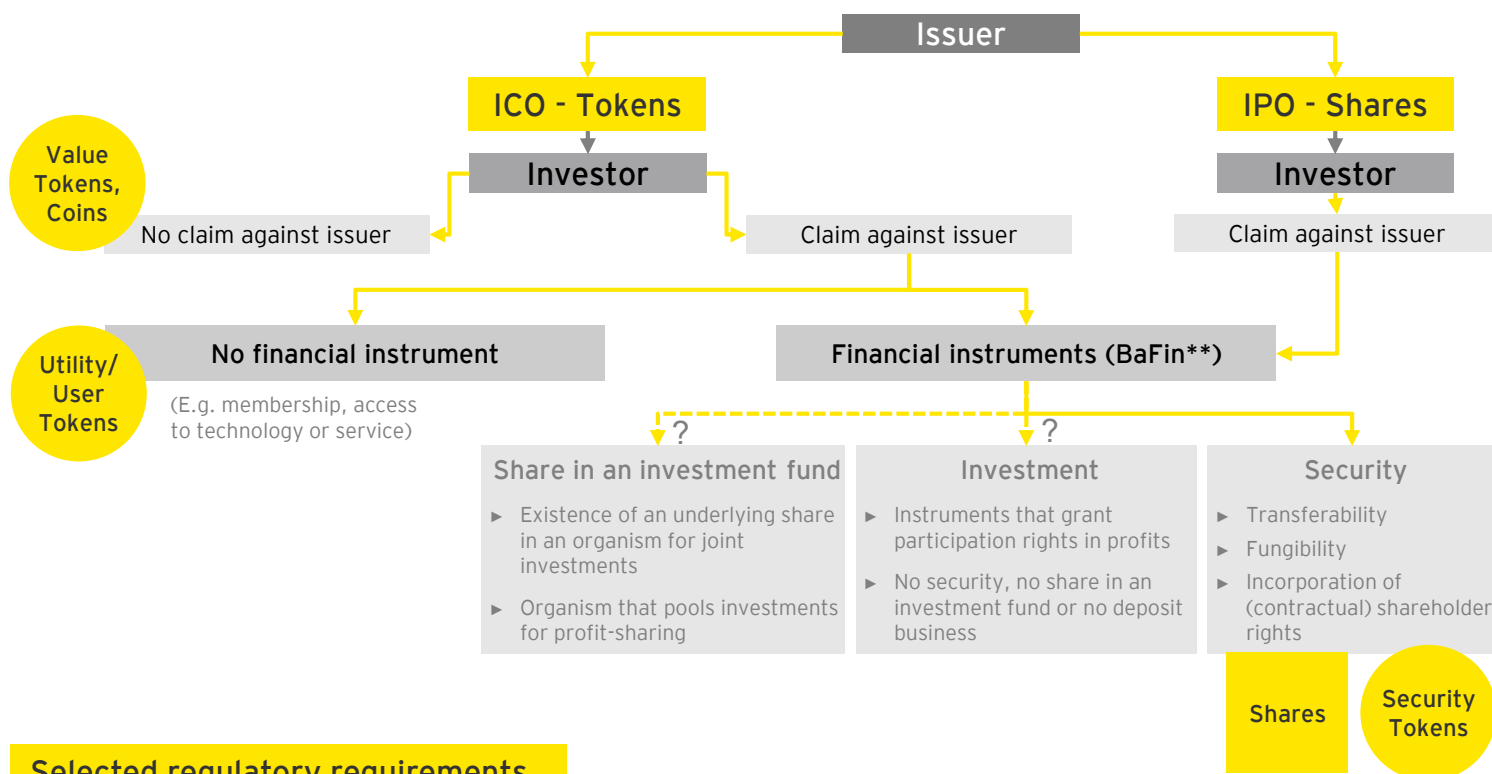
Global ICO and IPO markets*



Main characteristics of ICOs and IPOs

Criteria	Initial Coin Offerings (ICO)	Initial Public Offerings (IPO)
Motivation	Funding by issuance of tokens	Funding and exit motivations by shares
Regulation	Uncertainty about regulatory environment	Highly regulated area
Status with global regulators	Allowance, ban, warnings and alerts	Global convergence of established standards
Issuer status	Idea, prototype and early stage business	Proven business models, small to large caps
Investors	Crowd investors in the internet	Retail and institutional investors
Offering document	Primarily white paper	Approved security prospectus
Placement type	Direct placement and usage of ICO platforms	Intermediated by investment banks
Technology	Block chain based technology	Custody, clearing and settlement systems
Security offerings	Most ICOs prevent tokens to be a security	Different share types representing ownership
Utility offerings	Most ICOs issuing utility tokens	Not applicable
Payment	Cryptocurrencies (e.g. Bitcoin, Ether, Ripple)	Fiat currencies (i.e. USD, €, HKD)
Trading	Volatile trading on ICO platform yet	Active trading on established exchanges
Price and liquidity	High volatility of token prices	High liquidity and relative stability of prices
Parties involved	Issuer, promoter and platforms	Issuer, lawyers, auditor and investment bank

Instrument classification defines regulatory requirements



Selected regulatory requirements

Applicable law and definition of instrument (German and European rules)	KAGB § 2 Abs. 4 Nr. 2 WpHG MiFID II	VermAnlG § 1 Abs. 2 VermAnlG § 2 Abs. 4 Nr. 7 WpHG MiFID II	WpHG, WpPG § 2 Abs. 1 WpHG § 2 Nr. 1 WpPG MiFID II
Selection of main duties	Registration and permission Accounting and reporting Follow general behavioral and organizational rules	Publication of prospectus Accounting and reporting	Publication of prospectus Ongoing obligations: financial disclosures and compliance

Evaluation of advantages and success factors

ICO <ul style="list-style-type: none"> + No need for proven business + Less initial requirements and ongoing obligations + No dilution of ownership / voting rights + Fast transaction + Less efforts in preparation required 	<ul style="list-style-type: none"> Right team Right story Right price Right timing Readiness 	Access and visibility of capital markets +	IPO
		Regulatory certainty +	
		Liquid trading on established exchange +	
		Less price volatility +	
		Less fraud +	

EY global IPO and strategic transactions resources

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#IPOreport

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