

## Initial Exchange Offering (IEO)

As the crypto market evolves, new fundraising options and models are being explored and developed. Several token projects are now deciding to list their tokens (via IEO) on an exchange directly instead of raising via a traditional ICO.

Essentially, an initial exchange offering differs from the conventional ICO model in one key aspect. Rather than the token being distributed through the project, and the token being sent to investors' wallets, the tokens are distributed through an exchange. This means investors buy the token directly on an exchange. The main benefit of this model is that once the IEO is completed, the tokens are immediately ready to be traded on an exchange, giving investors more transparency, liquidity, and security.

This solves a problem that many ICO issuers are facing. Almost 90% of ICO projects do not manage to list their token on an exchange. After the ICO is completed, investors are unsatisfied and frustrated. IEOs skip this step, by combining the ICO and listing processes into one simple step. It is an easier and more efficient process for projects and investors.

IEOs are a partnership between the token projects and the exchange, one where trust and transparency matter more as there is a mutual reputation to be accountable for. This partnership of trust becomes a key part of the value proposition and benefit to all parties, including investors.

In an IEO, the projects use this partnership for the public sale of their tokens on the exchange. In this case, the exchange acts like a marketplace for new tokens. Investors can buy the tokens directly on the exchange, and once the IEO time is up, can trade these tokens theoretically immediately.

The main advantage of an IEO over an ICO are:

1. **A strong defense against scams:** The exchange itself has a vested interest and skin in the game, making sure the quality of the project is high and is viable as the exchange's reputation is tied to the projects they list.
2. **Ease of use:** Investors sign up to purchase the token on the exchange. The investor is also assured that the token immediately moves into the regular marketplace once the IEO is finished. For the developers, it allows them to focus on their core business activities while the exchange handles the details of the fundraising efforts.
3. **Credibility:** As an exchange has a duty to its own stakeholders and traders, it performs a thorough due diligence and review of each project.
4. **Transparency:** The price of an IEO is set prior to the token listing itself and remains fixed during the IEO phase.
5. **Rewards programs:** Airdrops and Bounties still work with IEOs.

Whilst IEOs are supposed to increase the transparency and security of the ICO model, it can still be abused by both unserious projects and unserious exchanges. Nevertheless, IEOs have a clear edge on ICOs in the current market state.