

ICO Review: Neon Exchange (NEX)

Hybrid NEO Decentralized Exchange

February 27, 2018

The logo for Neon Exchange (NEX) is displayed in a bold, blue, sans-serif font. The letters are thick and blocky, with a slight shadow effect behind them.

What is Neon Exchange?

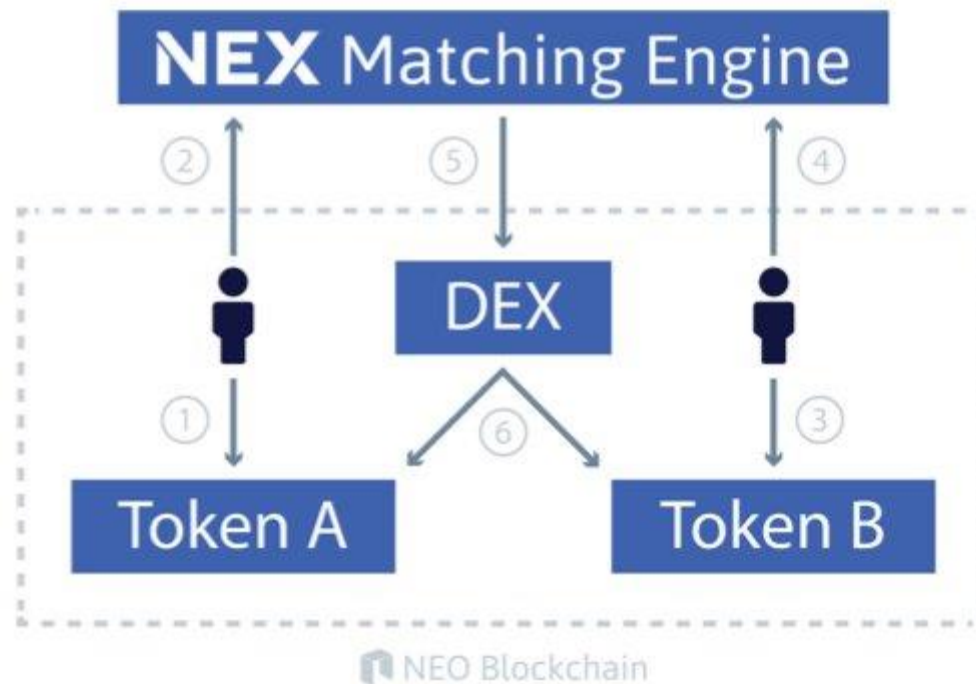
- Being one of the first decentralized exchange (DEX) supporting NEO's NEP5 tokens, Neon Exchange hopes to bring high trading volume and advanced features to the DEX space.
- NEX is going to use "off-chain relay" which, instead of executing trades directly on the blockchain, potentially clogging up the network, uses side-chain smart contracts to match orders, and then they are fulfilled on-chain.

NEX is a platform for complex decentralized cryptographic trade and payment service creation



What is Neon Exchange? (continued)

- In addition, NEX will be using an automatic matching engine (semi-centralized) to reduce arbitrage opportunities and to allow for more complex trade orders.

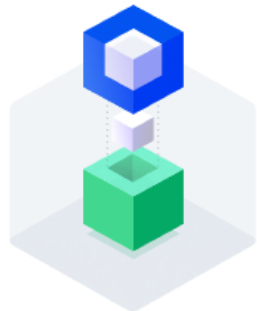


NEX vs. current decentralized exchanges



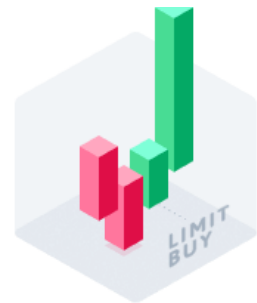
High Volume

- NEX handles enormous trade volume through its unique publicly verifiable off-chain matching engine.



Payment Service

- NEX enables third-party smart contracts on NEO to send and receive global assets such as NEO and GAS as part of their computation.

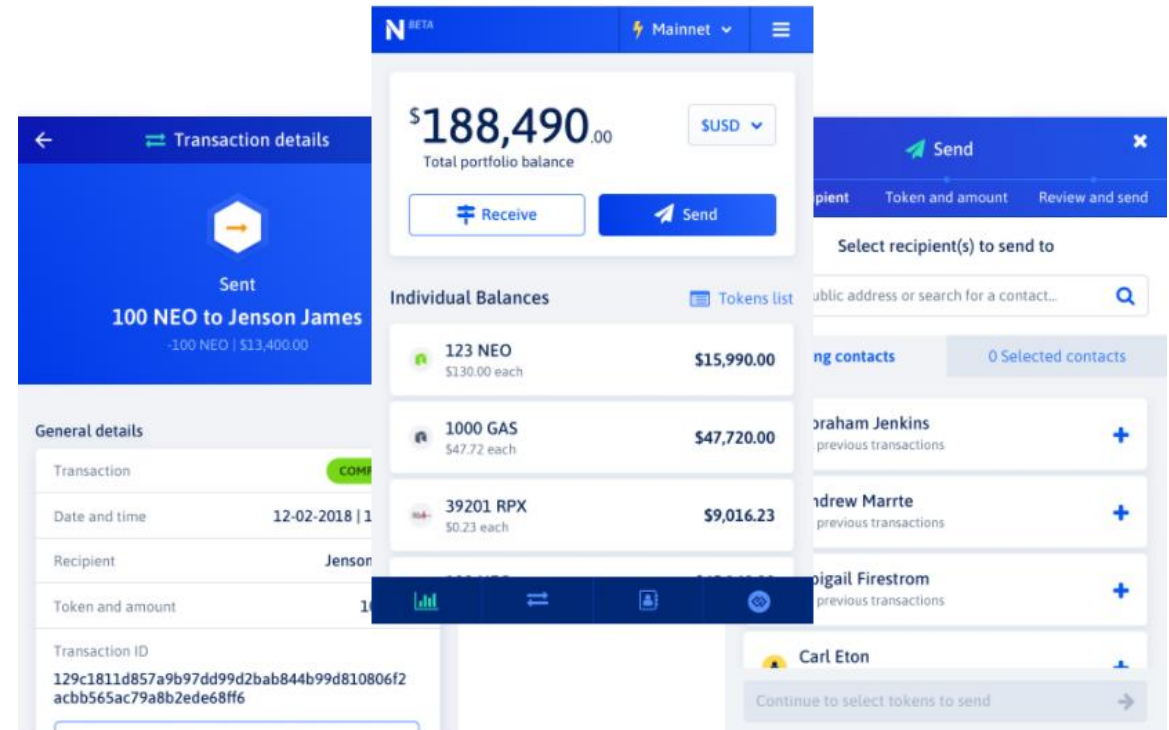


Complex Trades

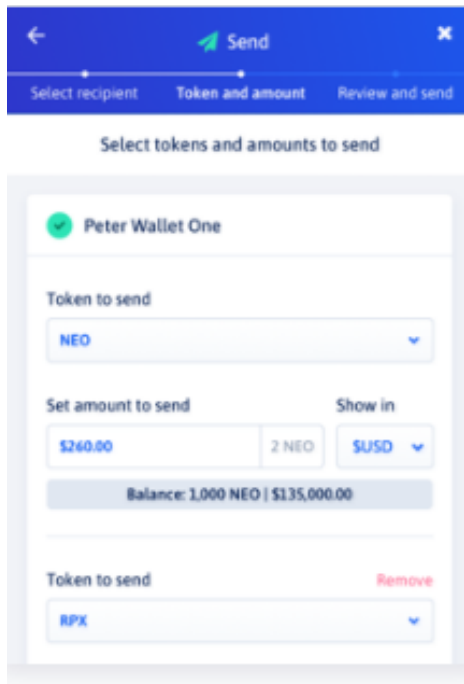
- NEX will handle complex order types that aren't currently available on other DEXs such as market and limit orders.

Security features

- To further enhance security while granting ease of access, NEX will have users store their private keys client-side (in a web browser via extension).
- Features:
 - Convenient NEO token listings, and transaction capabilities.
 - Transaction history directly on wallet.
 - Editable contact details.
 - Easy linking to other dApps for purchasing/interacting directly.

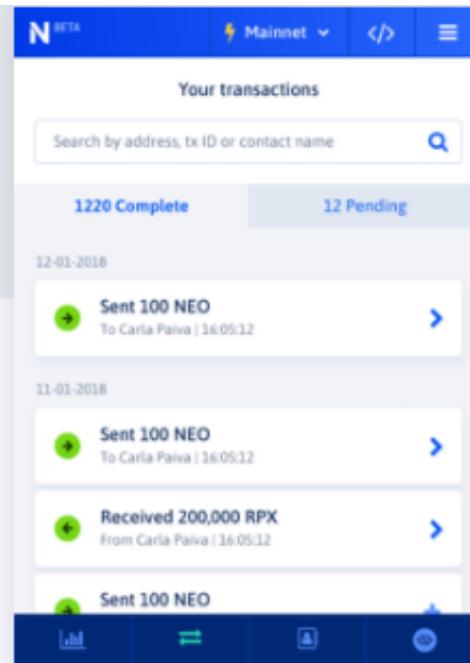


NEX wallet features



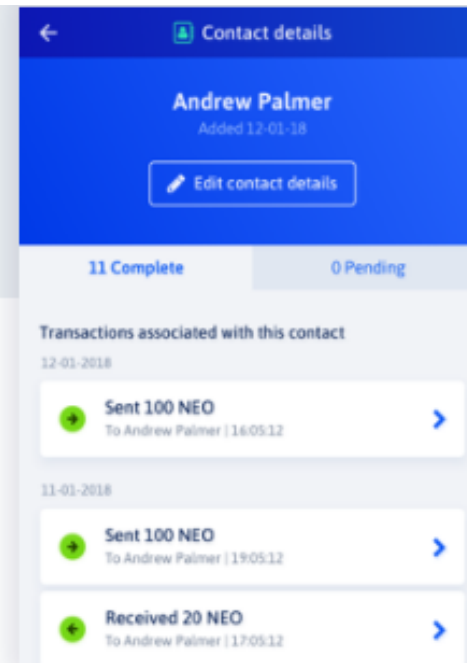
Sending tokens

Send one or multiple tokens to one or multiple contacts at a time - the easy way to save you time



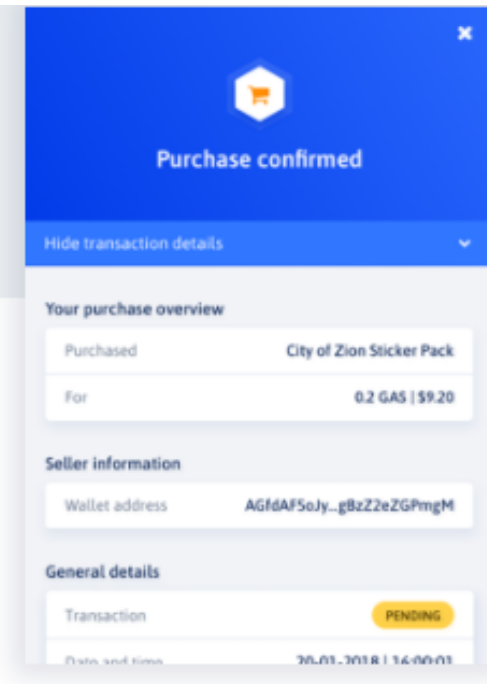
Transactions

Track completed and pending transactions easily and efficiently



Contacts

Easily create, edit and delete contacts to send to or receive from



Decentralised app links

Linked to decentralised apps to purchase items with the click of a button

Fee structure

- The fee structure will be divided into maker/taker fees, with makers (users who put the trade order up) having a 0% fee to encourage liquidity, and takers (users who take up the order) having a 0.13-0.25% fee depending on the trading volume they generate.

Table 2: NEX initial fee structure

User 30 days volume	Taker fee	Maker fee
0%	0.25%	0%
1%	0.22%	0%
2.5%	0.19%	0%
5%	0.19%	0%
10%	0.16%	0%
20%	0.13%	0%

Development roadmap

Q4 2017

Smart contract examples for payment service and decentralized exchange, demo of profit distribution mechanism on TestNet.



1H 2018

Release of open source platform for token sales on NEO.

Payment service launch on MainNet for NEO and GAS; matching engine launch on TestNet, supported by accompanying CLI.

Smart wallet and API for integration with tethered tokens in MainNet.



2H 2018

Trading interface and matching engine launch on MainNet: begin trading NEO, GAS, and NEX. Also, cross-chain demo on ETH and NEO TestNets.

Cross-chain launch to support trading of ETH and ETH tokens. Also, support for margin trading on MainNet.



2019+

Launch decentralized banking services, which mirror present day banking services, security, etc., but will be primarily done through the use of smart contracts with the logic of those services built in.

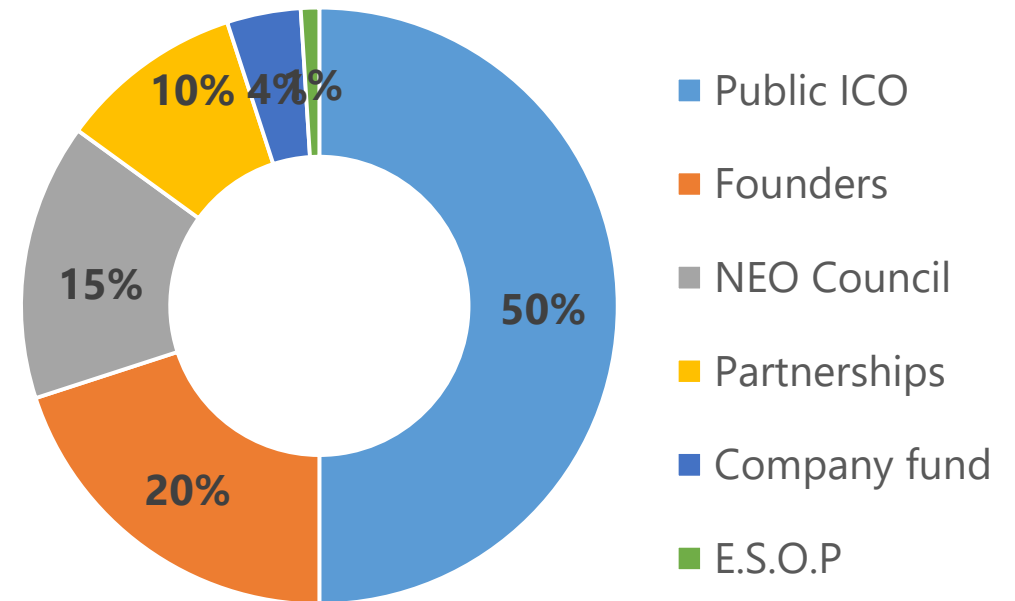
Smart contract asset management across chains.

NEX token sale summary

ICO SUMMARY

- **Project name:** Neon Exchange (NEX)
- **Token symbol:** NEX
- **Website:** <https://neonexchange.org>
- **Hard cap:** US\$25M
- **Conversion rate:** 1 NEX = \$1
- **Max market cap at ICO (fully diluted basis):** US\$50M
- **Bonus structure:** None
- **Presale or white list:** Whitelisting done through a lottery system
- **Blockchain platform:** NEO's NEP5 token
- **Countries excluded:** TBA
- **Timeline:** March 12, 2018: NEX opens registration for token sale lottery. March 30, 2018: Registration closes. March 31, 2018: Winners announced. April 7, 2018: KYC closes for the winners of the first lottery. April 8, 2018: Second round lottery winners announced. April 2018: Token sale (Exact dates TBA)
- **Token distribution date:** TBA

TOKEN ALLOCATION



Use of NEX tokens

- The NEX token does not have a specific use, but will entitle its holders to a share of the fees generated by the NEX exchange. To do this, users will have to stake the tokens in a NEX wallet, and they will automatically get payouts.
- The fees received will be a direct cut of fees across each token on the exchange.
- The token will appreciate in value if the NEX platform grows and generate more trading volume. As the platform grows, there will be more fees generated, and thus more payout, making the token inherently more valuable.



THE TEAM

Team and advisors



Fabio C. Canesin

Co-founder and
Developer

12+ years of experience in research and analytics; most recent experience as research engineer with Schlumberger and co-founder of City of Zion.



Fabian Wahle

Co-founder and
Developer

8+ years of experience in R&D with the most current experience being the founder of Altoida AG, an Alzheimer's research group.



Ethan Fast

Co-founder and
Developer

10+ years of cumulative experience in research with the last 5 years dedicated to his Ph.D., and recently as a co-founder of City of Zion.



Luciano Engel

Co-founder and
Developer

8+ years of experience in engineering and analytics, with the most recent being with SIGMA, and as a co-founder of City of Zion.



Thomas Saunders

Co-founder and
Developer

11+ years of experience in software development with the most recent being as Lead Software Development at iDi, and co-founding City of Zion.

The opportunities

- Being the only DEX listing NEP5 token and with the support of NEO Council, Neon Exchange is going to have a dominating market share specializing in NEO projects. This is especially valuable since only a handful of exchanges list NEO-based NEP5 tokens.
- The team's technical capabilities is demonstrated by being cofounders of City of Zion, the open-source global NEO developer community.
- The platform doesn't require NEX tokens to function, so the introduction of NEX tokens would not create a barrier of entry to use the exchange.



Our concerns

- Even though the decentralized exchange space is quite new, there are already many projects working on the same area. As NEX eventually expands to include Ethereum-based tokens, it would compete with all other DEXs which will most likely generate a significant amount of trading volume by then.
- Because NEX token holders share the fees generated by the exchange, the token is most likely a security token which makes it difficult to be listed on other exchanges.



For flipping: **Positive.**

- The project is highly anticipated by the market and rightfully so – a DEX supporting NEP5 tokens is badly needed. With NEX, all the new NEP5 tokens can be listed quickly to generate liquidity.
- With reasonable token metrics and good credentials of the team, we believe there will be significant unmet demand.

For long-term holding: **Positive.**

- Decentralized exchange tokens generally enjoy a rich valuation (0x at \$534 million and Kyber at \$266 million). With the backing of the NEO Council, we believe Neon Exchange has a good chance to succeed.
- If NEX is able to become successful outside of NEP5 tokens, then great; if not, it should still provide substantial upside by dominating the NEP5 token market.

CrushCrypto