

## EXPRESS REVIEW OF ICO PROJECT



[dehedge.com](https://dehedge.com)

ICO: April 2018

**HIGH**  
Quality Rate

AVERAGE SCORE

5.1 / 7.0

**DIGRATE**  
digital rating agency



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The evaluation is only a reflection of DigRate's review of the documents and other resources available as of the time of the publishing of this report. Any updates and/or changes to the documents following the date of the publication of this document are not considered in the evaluation.

The DigRate team expresses its respect to all enthusiasts of the cryptocurrency world.

<p><b>PROJECT CONCEPT</b></p> <p><b>BUSINESS MODEL</b></p> <p><b>TEAM</b></p> <p><b>TOKENS</b></p> <p><b>JURISPRUDENCE</b></p>	
<p><b>THE TECH</b></p> <p><b>PROJECT SUPPORT</b></p> <p><b>COMMUNICATION</b></p>	



**Whitepaper**  
**KYC / Whitelist**  
**Terms and Conditions**  
 Token Sale Agreement  
**Privacy Policy**



<b>ICO dates</b>	April 2018
<b>Token</b>	DHT
<b>Price</b>	1ETH = 28 800 DHT
<b>Bonus</b>	Up to 25%
<b>Soft cap / Hard Cap</b>	- / 50000 ETH
<b>Platform</b>	Ethereum
<b>Accepted</b>	ETH, BTC

**CONCLUSION:** If the test mode of platform prototype will launch timely and all legal nuances will be regulated, DeHedge can compete with other projects in the multibillion hedge and crypto insurance market (taking into account the fact that the capitalization of the cryptocurrency market as of March 23, 2018 is \$ 330 billion), optimize price risks for the target audience of the crypto industry, attract traditional investors to the cryptocurrency market, as well as attract investors, cryptocurrency traders, and funds managing the capital of trustees to ICO projects.

According to project's [whitepaper](#): “DeHedge intends to develop and implement hedging tools for the cryptocurrencies market and the initial placement of project tokens. According to the DeHedge team, hedging is an effective strategy to protect against fluctuations in token rates and cryptocurrencies. Reducing the risk of investors, to a certain extent, also reduces their potential profit by the amount of the Hedge premium. The given provisions are defined below.

DeHedge supports two hedging strategies:

**Hedging initial token offerings:** an investor acquiring a hedge in the amount of the cost of purchased project tokens receives compensation in the amount of losses incurred in the event the price of the token falls. Thus, the investor pays the value of the hedging for the opportunity of receiving compensation. At the same time, there are various models for paying compensation to the investor. The investor can either receive payment from the DeHedge platform in the amount of losses suffered while retaining the last purchased tokens, or payment from the DeHedge platform in the amount of 100% paid for the hedged tokens in exchange for the project's tokens that have fallen in price.

**Hedging publicly traded project tokens:** hedging takes place through the purchase or sale of a DeHedge contract on crypto-exchanges, provided with certain restrictions.

The DeHedge contract is a derivative financial instrument, a contract by which one of the parties, the contract Buyer, receives the right, and the contract Seller assumes the obligation to buy or sell a certain asset in the future at a predetermined price. To obtain such a right, the contract Buyer pays the Seller a premium.

DeHedge prepares the DeHedge contract, which may contain various restrictions for hedged tokens both in respect of the time of action and the price range for payment issuance. Similar to hedging of investment risks in ICOs, the obligation to redeem a token of another project in case of a hedged event takes place exclusively with DeHedge.”

Criterion	Score
<b>PROJECT CONCEPT</b>	
Does the problem the project plans to solve really exist?	
Is the company's product unique and monetized in the market?	<b>5.5 / 7.0</b>
Has the team identified its competitors and its advantages over them?	
Is the project's solution significantly different from existing solutions?	
<b>BUSINESS MODEL</b>	
Has the project laid out its operating business model?	
Is there a clear roadmap?	<b>5.0 / 7.0</b>
Has the team presented a detailed financial plan for revenues and expenses?	
<b>THE TECH</b>	
Is blockchain technology a solution to the market problem?	
Is there already a working product?	<b>4.3 / 7.0</b>
Has a safety audit of the source code been provided?	
Has the source code been published on GitHub?	

**Criterion****Score****TEAM**

Have the project founders already implemented a similar successful business?

Are the project founders well-known, with established reputations in their professional fields and/or in the blockchain field?

**6.0 / 7.0**

Does the project team have enough experience to implement the project?

**TOKENS**

Is the issuance of tokens limited?

Is there mechanism that would protect current holders from token devaluation?

**5.7 / 7.0**

Do the project participants have clear motivation for owning the tokens?

**PROJECT SUPPORT**

Do the competencies and experience of the advisory board members meet the project goals?

Are the project's partners large and well-known?

**4.3 / 7.0**

Is the project attracting large VC investors?

**Criterion****Score****COMMUNICATION**

Is the project popular on social networks and in thematic communities?

Is the project widely discussed on blockchain news resources?

**5.5 / 7.0****JURISPRUDENCE**

Is there a clear legal structure? Is it transparent?

Have tests been passed that determine the token is not a security?

Is there an AML policy? Does the company have KYC procedures for token purchases?

Does the project provide tools (for example, the use of escrow) that would guarantee the return of investments if the stated usage of funds is not followed?

**5.1 / 7.0**

Is there a SAFT, a detailed contract/offer, and/or agreement for the token sale?

Is there a detailed Privacy Policy and policy on the processing and storage of users' personal data?

Has the team taken into account the legal risks of an ICO?

## How do we rate the quality of the project?



### ADVANTAGES

- The team described in detail the business model of the project.
- There is a clear roadmap.
- The issuance of tokens is limited.
- The legal structure of the company is transparent.
- The project team has extensive experience and a strong track record.
- The project has a strong advisory board.
- The project founders have experience of implementing a successful business in the project field.
- The founders and leaders of the project are recognized professionals in their fields and in the blockchain industry.

High  
Quality Rate



### DISADVANTAGES

- The competitive landscape and the project's competitive advantages are not sufficiently defined.
- There is no detailed financial plan.
- There are no tools (for example, the use of an escrow) that would guarantee the return of investments, if the stated usage of funds is not followed.
- The source code of the project is not published on GitHub.

**DeHedge plans to create the infrastructure needed to protect ICO and cryptocurrencies investments in case of exchange rate fluctuations, fraud and bankruptcy of projects.**

[DeHedge](#) is a company aiming at creating a decentralized platform for hedging risks of crypto investors. DeHedge plans to create the infrastructure needed to protect ICO and cryptocurrencies investments in case of exchange rate fluctuations, fraud and bankruptcy of projects, offering its clients two basic hedging strategies: hedging initial token offerings and trading token exchange rate having free circulation.

DeHedge will conduct scoring on its own criteria allowing to assign a score to the ICO project. The project is rejected or undergoes an additional evaluation procedure to formulate proposals for hedging based on the results of scoring. The risks of reducing token and cryptocurrency price will also hedge with time-limited hedging. The hedging cost will be formed on the basis of internal calculation models using the Black-Scholes model. Hedge reimbursement will be sent to the wallet of the hedged person through a smart contract. ICO is conducted with the aim of forming an initial reserve for insurance payments.

The income of the insurance technology industry will increase to \$ 235 billion by the end of 2018, which is 34% more than in 2016 (\$ 175 billion), according to the [forecasts of Juniper Research](#).

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The catalyst for the development of insurance is a growing cryptocurrency market, that needs to hedge the risks of exchange rate volatility. The total crypto market capitalization as of March 23, 2018 is \$ 330 billion, and in December 2017 it reached \$ 800 billion, according to the [Coinmarketcap](#). Most investors will be interested in securing their assets against fluctuations in the exchange rate taking into account the high volatility of the market.

The idea of crypto insurance is not new, several decentralized projects such as [Cryptosterling](#), [B.Sure](#) and others, as well as a number of centralized banks, for example, Mitsubishi UFJ Trust and Banking and Sumitomo Mitsui Trust Bank, work on it. However, these companies implement local initiatives, but only DeHedge and B.Sure, declare insurance of the traders' losses risk during market fluctuations directly. However, unlike B.Sure, DeHedge does not assume responsibility for the investors' losses in case of breaking the exchange. Futures contracts (CME, CBOE) on BTC were issued in November 2017, and top altcoins futures (ETH, etc.) are planned to be launched in the near future. Exchanges (CME Group, CBOE, etc.) with binary options for cryptocurrencies trading will compete with DeHedge in the secondary market.

**The modern insurance market cannot offer a ready-made and firmly entrenched solution for crypto insurance, but the idea of crypto insurance is not new, several decentralized projects work on it.**

The project's founders are public figures with experience in major Russian banks, hedge funds and business incubators, the staff of the project is balanced having competences in software, finance, marketing and jurisprudence. There are the well-known lawyer with experience in the cryptocurrencies regulation, the chief editor of CryptoCoinNews, the senior partner of Belgravia Wealth Management and the financier with extensive experience in dealing with risks in Troika Dialog and Sberbank CIB among the project's advisers. There are Derebit, Shivom, and Priority Token among project partners. The Shivon project's tokens can already be hedged using [DeHedge tools](#).

The DHT token will be used as an insurance premium payment and has utility-token features. The team also presents the test results on the non-recognition of the token as a security. In addition, the project team states that they are working to obtain the appropriate SEC licenses to work with institutional investors, and there are corresponding entries in the SEC archives. However, practice shows that the SEC is skeptical about cryptocurrencies, and this initiative is difficult to implement. The project ensures a limited tokens issuance and a reduction in token turnover over time.

**The project has already provided the first proposal for hedging Shivon tokens, that can be purchased through the DeHedge website, but there is one hedging option available that covers only 50% of the value of the purchased tokens at the moment.**

The tech side needs further development, the smart contract code for ICO and Pre-ICO has not been published on GitHub.

There are the AML / KYC policy and Privacy Policy on the project website. The token sale agreement is provided to DigRate analysts privately.

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**DeHedge can compete with other projects in the multibillion hedge and crypto insurance market, optimize price risks for the target audience of the crypto industry, attract traditional investors to the cryptocurrency market, as well as attract investors, cryptocurrency traders, and funds managing the capital of trustees to ICO projects.**

In general, the DeHedge's idea is pressing and promising, but the lack of information on the methodology does not allow to fully assess the potential of the project. If more hedging options will launch in time and more other ICO projects will be involved, DeHedge can compete with other projects in the multibillion hedge and crypto insurance market (taking into account the fact that the capitalization of the cryptocurrency market as of March 23, 2018 is \$ 330 billion), optimize price risks for the target audience of the crypto industry, attract traditional investors to the cryptocurrency market, as well as attract investors, cryptocurrency traders, and funds managing the capital of trustees into ICO projects.

### What is important to improve?

#### High-priority tasks:

- describe the competitive landscape and the project's competitive advantages in detail
- develop a detailed financial plan
- implement tools (for example, the use of an escrow) that would guarantee the return of investments if the stated usage of funds is not followed
- publish the source code on GitHub
- attract large VC investors to the project
- carry out a safety audit of the smart contract and publish the results

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