January 29, 2020

SwapZilla Rating

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1. Rating report

Based on the analysis performed and issues identified we have assigned the SwapZilla project a **"STABLE RATING.**

The project has the following strengths which are worth noting:
- Non-blockchain beta product available
- Participating in a significant and fast-growing market
- Wide range of features for the platform
- Public audited smart contract

However, there are also a number of risks still associated with this IEO project:

Development risks
The team has already launched the beta exchange, however, platform itself will not be launched the end of 2020. We note, however, that IEO is intended to take place in February 2020, thus offsetting partially this risk

Team risk
We note that all of the team members and the majority of advisors have public LinkedIn accounts. All bar one of team members and all of the advisors who have a public account list their affiliation with SwapZilla project.

Commercial risks
We note that crypto exchange market, despite being very large, is highly competitive.

Based on the analysis performed and taking into consideration all of the risks associated with the Swapzilla project as of January 2020, we assign the project a **"Stable"** rating. The rating may need to be reassessed once platform goes live or in the event of significant change in technical or business aspects of the product.

2. Project & token information

The purpose of SwapZilla is to provide an ecosystem can provide one point access to the majority of crypto exchanges as well as an access to news, trading and analytical data.

Website

Whitepaper

Telegram

Twitter

Facebook

Medium

Reddit

Github

SwapZilla team is going to distribute its tokens via an IEO. According to the White Paper, pre-IEO sale took place between 15th July 2019 and 6th February. The team did not disclose the number of SWZL tokens that were sold.

Token details are as follows:

Token	ERC-20
Ticker	SWZL
Token supply (for sale/total)	27,150,000/30,000,000
Token % for sale	90.5%
Price per token	1 SWZL = 1 USDT/USDC
Project self-valuation at IEO date	USD 30,000,000
Date of IEO	07.02.2020-07.05.2020
Bonuses	No
Discounts	**Round 1:** from July 15, 2019 to February 6, 2020 — 10% discount
	Round 2: from February 7, 2020 to March 7, 2020 — 5% discount
	Round 3: from March 7, 2020 to May 7, 2020 — 0% discount.
Softcap	USD 2,000,000
Hardcap	USD 27,150,000
Minimum contribution	USD 1

Maximum contribution	Unlimited
Currencies accepted	BTC, LTC, ETH, ETC
Country of legislation	Hong Kong
KYC	Yes
Restricted list	USA, Albania, Bosnia and Herzegovina, Burma, Central African Republic, Democratic Republic of Congo, DPRK, Cote D'Ivoire, Crimea region of Ukraine, Croatia, Cuba, Iran, Iraq, Kosovo, Lebanon, Liberia, Libya, North Macedonia, Moldova, Serbia, Somalia, Sudan, South Sudan, Venezuela, Yemen, Zimbabwe.

Token distribution is as follows:
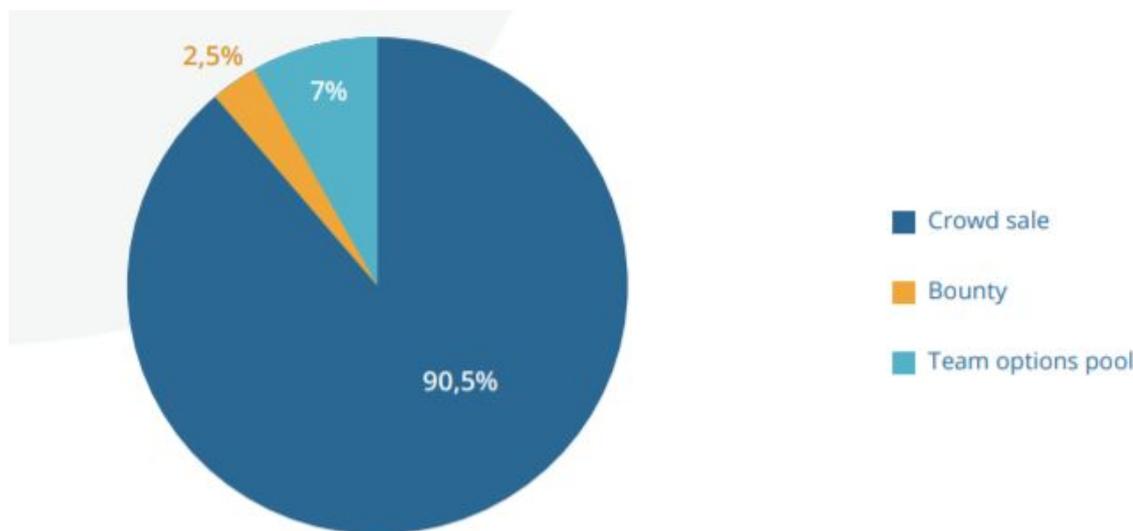
Picture 16. SWZL Emission share

7% of the SWZL token will be reserved for the team option pool.

2.5% of tokens are reserved for a bounty program. The program will last through the duration of IEO, tokens will be distributed through the referral system for marketing campaigns like:

- Facebook Campaign
- Twitter Campaign
- Subscription Campaigns on the Bitcointalk forum
- Email Campaign

SWZL tokens will be given to the referral program participants. They get 2.5% of the total amount raised in SWZL tokens.

According to the White Paper (p. 39) and Public Offer (p.10), all unsold tokens will be burned.

Vesting terms for all tokes is as follows (White Paper p.39):

- ordinary investors – 8ᵗʰ May 2020
- participants of the bounty and referral program on 7ᵗʰ June 2020
- team members on 7ᵗʰ July 2020

We note that SWZL smart contract is available on Github.

We note that smart contract has been audited by Cybertech Ltd.

The team provides the following use of funds scheme:

Use of Funds


Picture 17. Use of SWZL IEO Funds
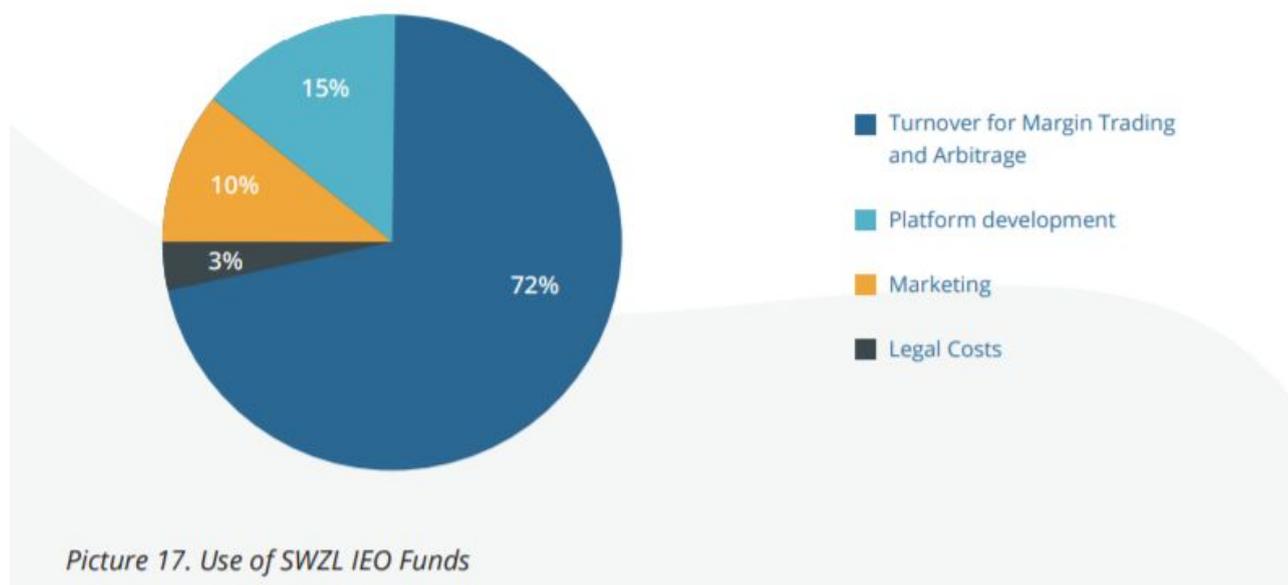
According to the whitepaper:

- 72% will be used for arbitrage turnover, margin trading turnover and initial liquidity for the platform.
- 15% of the funds collected will be spent on hiring additional members of the development team, purchase of equipment, the development of the trading system core, as well as the development of the information and analysis module. Significant costs will also be associated with the servers to ensure the fastest possible issuance and execution of orders from customers
- 10% will be spent on active marketing - strengthening the marketing team, taking measures to increase the awareness of the platform on the crypto market and attracting new customers
- 3% will go to the legal support of the project and other expenses: the goal is to obtain all the necessary licenses and permits

3. Technical overview

According to project's website, SwapZilla platform will have 3 cores – trading, information and security:
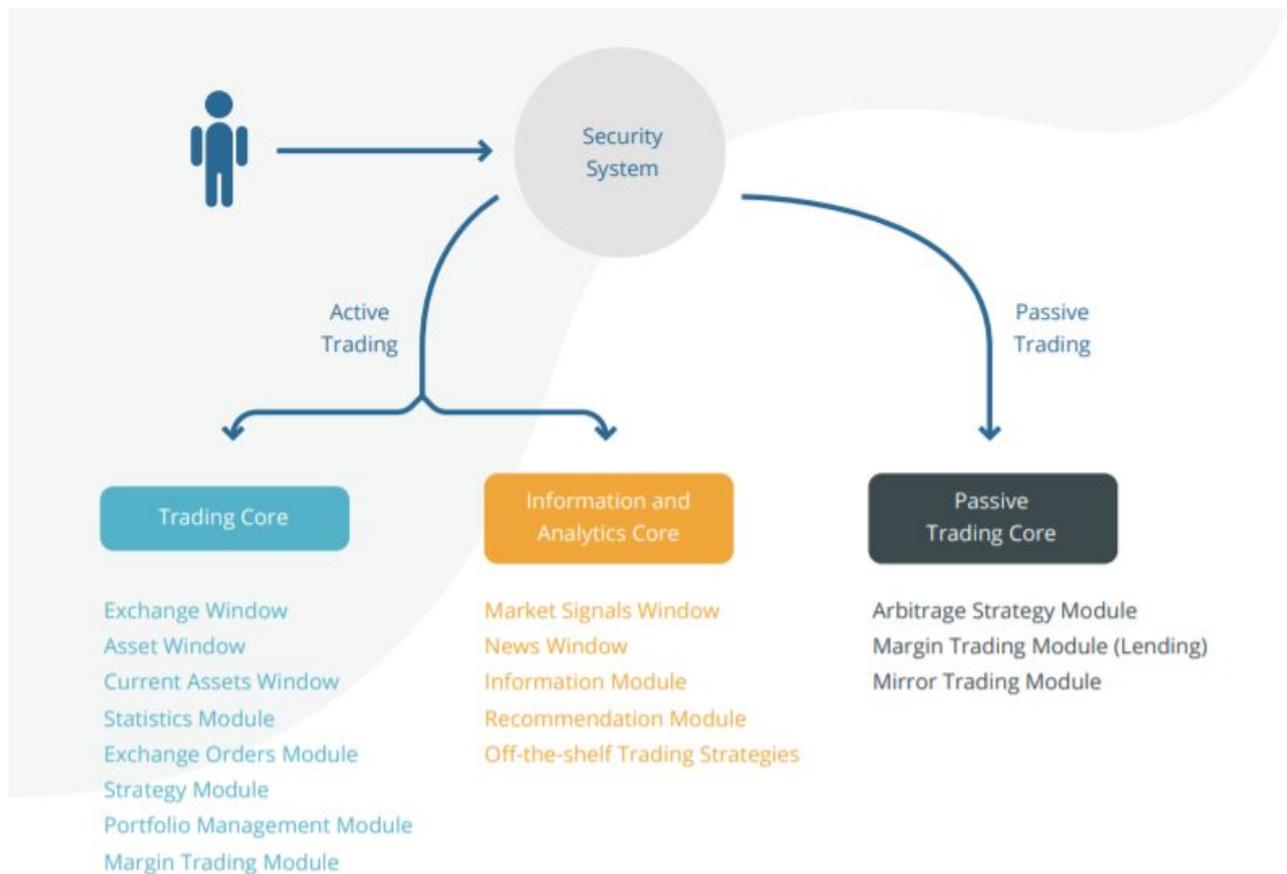
The only available technical information is as follows:

Trading Core

Exchange Window contains key information about all the exchanges connected to SwapZilla: the number of available currency pairs, trading volumes and price fluctuations.

Assets Window The SwapZilla client will be able to see all the assets available to buy and to sell on the platform, their prices on different platforms and trading volumes. The user will be able to track, make deals and see the balance for each of them.

Current Assets Window contains a summary of the current positions of the trader: purchased assets and prices, stock exchanges, dynamics of the total value of the portfolio and the profitability of the trader's strategies.

Statistics Module consists of two parts. The first one — the tools for a detailed analysis of the trader's portfolio, where the user will get automatically calculated statistics like: volatility and risk, beta coefficient, Sharpe and Trainor ratios, and others. By using SwapZilla, the client will be able to conveniently analyze his portfolio and make informed decisions about changing its structure. The second part of this module — tools for statistical analysis of any assets and their impact on the current portfolio. Additionally, several methods will statistically evaluate the optimal portfolio structure of current assets based on minimizing risk or maximizing profitability.

Exchange Orders Module includes: Interface of formation of an exchange order: currency, volume, type of order, status; Mechanism of cascade distribution of orders; Tracking interface for submitted orders — with the full detailed costs (including possible commissions).

Strategy Creation Module is a trading terminal, familiar to many traders, which allows the user to develop and test own trading strategies, save the best ones and use them in the future.

Portfolio Management Module - the user will have an access to tools for managing and optimizing a long-term investment portfolio. The algorithms integrated into the platform will allow the user to choose the optimal dynamic portfolio structure (asset weights) based on maximizing its profitability or minimizing risk. The algorithms used, are based on the methods of statistical analysis of the historical data and on the dynamics of returns of assets selected by the trader.

Margin Trading Module - users will have an opportunity to increase their income by making deals "with leverage" and to make money by reducing the value of assets traded (making "short deals") on any exchanges with the optimum cost of leverage.

Information and Analytics Core

Market Signals Window is an assistant for novice traders. It selects the best, proven market signals and monitors them for each asset. Here the user will be able find the coefficient of volatility, the dynamics of the spread and the most popular indicators of technical analysis, etc.

News screen will provide most up-to-date market information and other news in the "one-window" mode. The screen will be customisable, with constantly updated news. For collection and selection of the most relevant information for a specific user.

Information screen contains all the available information and materials on each the assets represented on Swapzilla trading platform.

Recommendation Module - the platform will:

Monitor and check the proposed recommendations, evaluating their effectiveness (profitability and success rate) by creating appropriate ratings.

Offer users to independently evaluate recommendations and offer resources to identify the most popular strategies.

Give users a user-friendly interface for customizing the recommendations

Off the Shelf Strategies Module is intended to become a fully-fledged marketplace for trading strategies integrated into SwapZilla. Traders and companies, will develop trading or arbitrage strategies, and place them on for the use in this module (free of charge or for a fee). The users will be able to receive them, rank them and integrate them into their own algorithms on the trading core.

Passive Trading Core

Arbitrage Strategy Module - the user will be able to choose one of the strategies the team has developed (off the shelf strategies), connect and run it in an automatic mode. The use of these strategies is free of charge, however, if the client will make a profit, SwapZilla will take a small share of it.

Margin Trading Module (lending) to lend user's assets To manage the risks of such lending, the team integrated a system that limits the number of orders made by each borrower (based on the size of his own funds and the historical profitability of transactions), which will protect lenders from losing money.

Security SDLC

The SwapZilla platform is focused on working with e-finance, which greatly increases the chance of hacking the system and withdrawing money from user's accounts. The SDLC process involves the use of as many safe practices as possible, namely:

Implementation stack

Python-Django — server side of the application

Vue.js — client part of the application

Amazon RDS for PostgreSQL — database server

Amazon S3 — Secure File Storage Server

Amazon WAF — Internet Application Firewall

Static code analysis

Dynamic code analysis

Firewall

Monitoring

SwapZilla meets all key industry standards and security requirements: PCI-DSS standard, GDPR, OWASP Top 10. In order to do this, continuous monitoring is required: statistical and dynamic analysis. Statistical analysis tasks will be solved using open-source Python solutions (Pylint and others). Dynamic analysis of web applications code uses a black-box testing to identify possible vulnerabilities when simulating users trading. A vulnerability scanner will be used in order to have the highest levels of reliability.

4. Description of services & their applicability

According to the whitepaper, SwapZilla will have the following advantages:

- Low commission fees
- Internal clearing deals
- Additional services – arbitrage, mirror trading, etc
- Large number of trading pairs
- High speed of execution
- Transparency
- Multiplatform capabilities
- Software integration with third-party products through API
- Community support

The SwapZilla platform will have 5 main sources of income:
Commissions on transactions through the platform. Platform users will have to pay commissions — 0.1%, of which between 0.02% and 0.05% will be transferred to partner crypto exchanges and the remainder will be kept by SwapZilla.

Margin trading - traders will be able to create orders for the required size of leverage, and the owners of coins and tokens will lend them their assets. SwapZilla will provide both parties with all the necessary infrastructure and an integrated risk management system for the borrower. The platform will charge a commission of 15% on the loan interest.

Mirror trading - the platform participants will be able to track and automatically repeat the transactions of successful traders. When mirror trading strategy will bring positive returns, SwapZilla will take 15% commission.

Arbitrage deals When traders will use platform's arbitrage strategies, the platform will charge 15% on the profits made.

Off the Shelf strategies SwapZilla will get 10% from the sales of trading strategies.
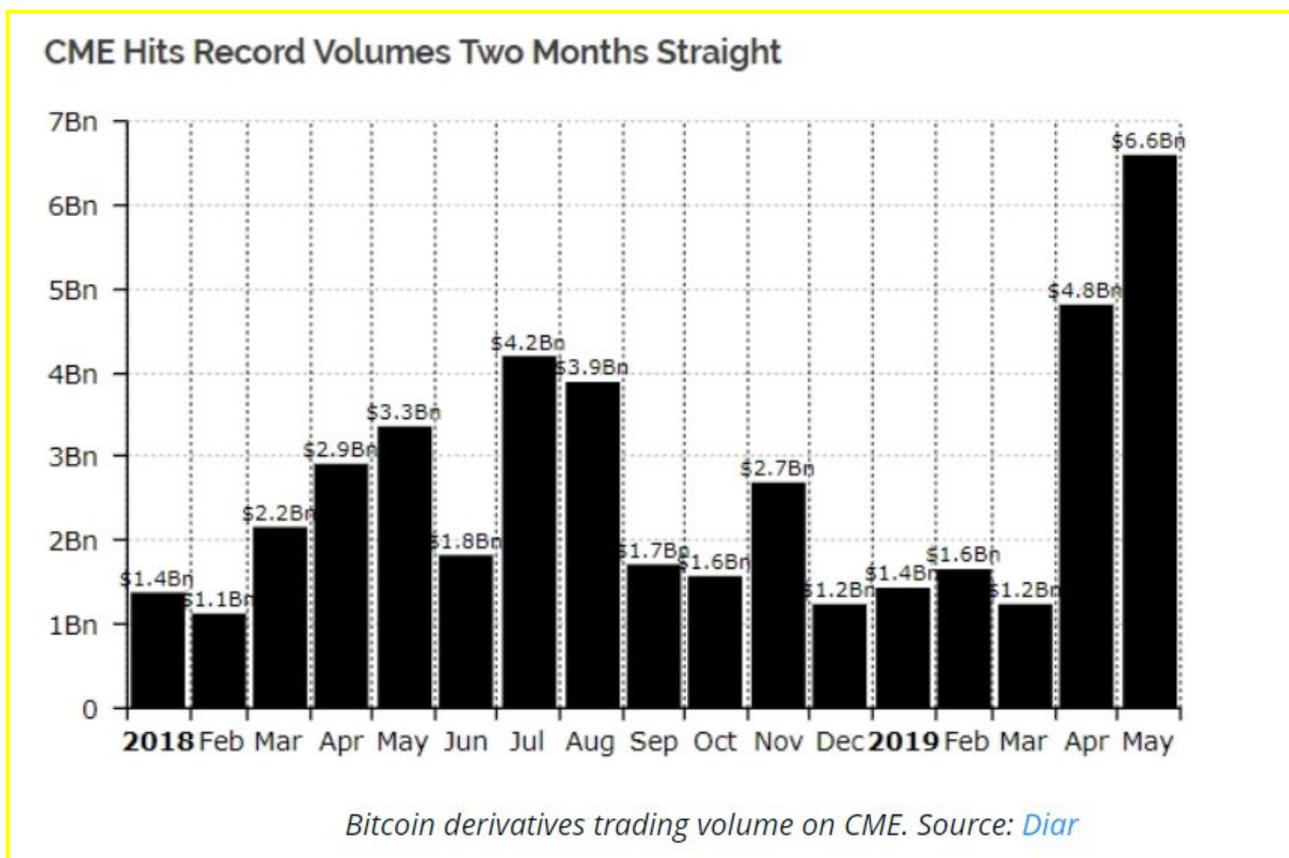
5. Roadmap

The team provides the following project roadmap:

We note that as of January 2020, the platform beta is available for public review, however, it does not contain many of the main features of the platform yet.
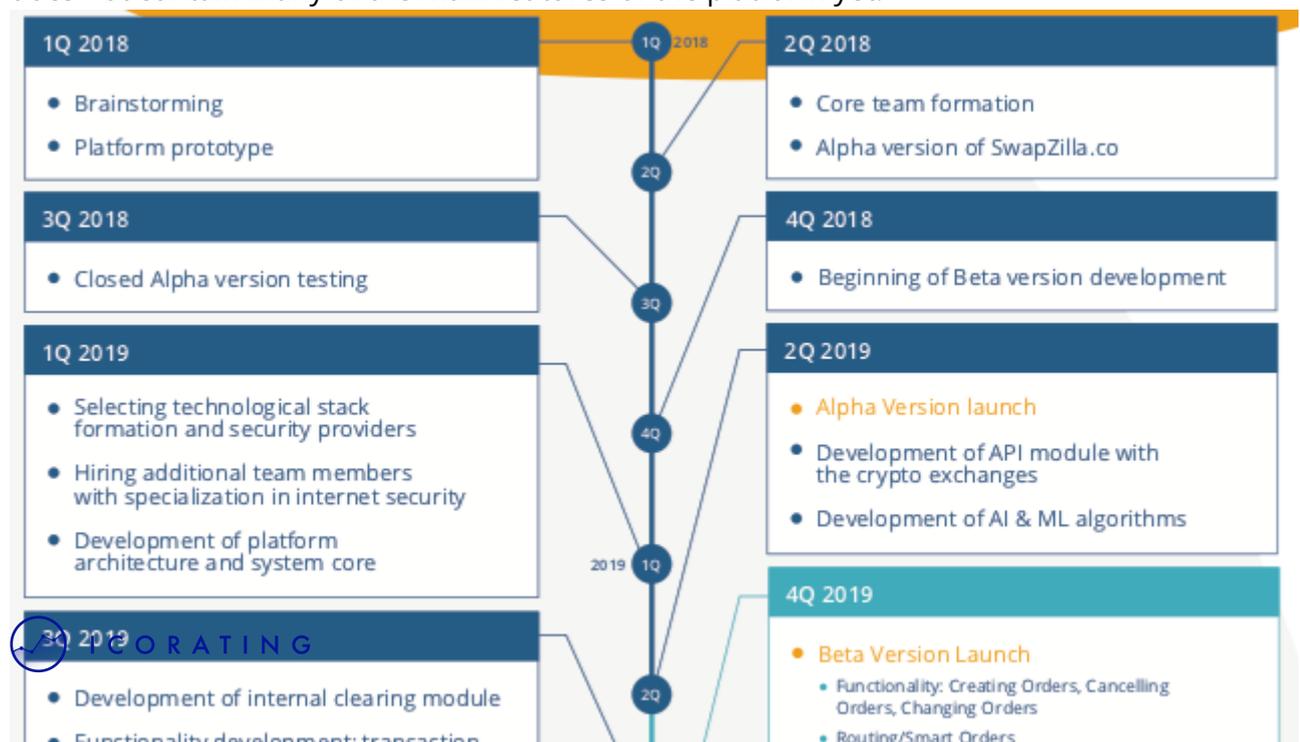
6. Market outlook

According to the recent article from Coin Telegraph, the CME reported ATH volumes of BTC derivatives in April-May of 2019:

CME Hits Record Volumes Two Months Straight

Bitcoin derivatives trading volume on CME. Source: *Diar*

BTC derivatives market indirectly shows increasing interest to cryptocurrency markets.

We note, however, that the crypto exchange market in general is highly competitive, and key success factor for Swapzilla will be good competitive positioning which will include fair fees, convenient UI, fast execution, security and product offering as well as delivery of the product features as promised.

The whitepaper contains comparison of SwapZilla vs competition:

	SwapZilla	COINIGY	VOYAGER	Xena Exchange	route fire	ALGOZ	WISEBITCOIN	MarBloq
Commission	◕	◑	●	◔	●	◕	◑	◕
Own Trading Platform	+	+	-	+	-	+	+	+
Single KYC system	+	+	+	+	+	+	+	-
Margin trading	+	-	-	+	-	-	+	-
Mirror Trading	+	-	-	-	-	-	-	-
Cascade orders	+	+	+	+	+	+	+	+
AI Info feed	+	-	-	-	-	-	-	-
Multi platforms	+	+	+/-	+/-	-	-	+	-
Integration with other platforms	+	+	-	-	-	-	+	+

Picture 12. Competitive analysis of SwapZilla

7. Team

According to the project's website, the team consists of 9 members and 5 advisors as follows:

Name	Position	Total Experience	Professional Achievements and Education	LinkedIn	Affiliation with project	Connections	Endorsements/ Recommendations
Team							
Roman Prokopev	*Founder*	5+ years	Bachelor Degree	Yes	Yes	81	No
Vladimir Kardapoltsev	*CCO*	6+ years	Bachelor of Arts Honours, Master of Science, CFA 1(Candidate)	Yes	Yes	500+	Yes
Eugene Sysoletin	*CTO*	30+ years	Masters Degree	Yes	Yes	117	No
Alexander Filkin	*CMO*	9+ years	Specialist Degree	Yes	Yes	500+	No
Denis Podgurskiy	*Head of Cyber Security*	15+ years	Specialist Degree	Yes	No	365	Yes
Alexander Polischuk	*Blockchain Developer*	5+ years	Bachelor Degree	Yes	Yes	11	Yes
Artur Smolin	*Backend Developer*	3+ years	Bachelor Degree	Yes	Yes	110	No
Konstantin Gubaev	*Backend Developer*	6+ year	Bachelor Degree	Yes	Yes	500+	No
Svyatoslav Schurov	*Backend Developer*	10+	Specialist Degree	Yes	Yes	386	No
Stanislav Melnikov	*Blockchain Developer*	12+	Bachelor Degree	Yes	Yes	314	No

Mikhail Gordukov	*Front-end Developer*	5+	Bachelor Degree	Yes	Yes	305	No

Advisors

Jens Zimmermann	*Advisor*	20+ years	MBA Harvard	Yes	Yes	500+	Yes
Dr Ramil Mavlyutov	*Advisor*	20+ Years	PhD	No	-	-	-
Artem Bosov	*Advisor*	9+ years	Masters Degree	Yes	Yes	500+	Yes
Gilbert Steedley	*Advisor*	30+ Years	-	No	-	-	-
Igor Dombrovan	*Advisor*	20+ years	CFA	Yes	Yes	500+	Yes

We note that all of the team members and the majority of advisors have public LinkedIn accounts. All bar one of team members and all of the advisors who have a public account list their affiliation with SwapZilla project.

According to the project's website the project has no known partnerships/investors.

8. Token analytics

SWZL Token Mechanism

The SwapZilla token (SWZL) is based on the Ethereum ERC20 standard.

Token Function: 50% Discount on all SwapZilla Commissions.

According to the White Paper, the cost of the token will constantly grow, due to a limited emission, the growth of the client base and burning of the tokens when paying the commissions. All commissions will be tied to the value of SWZL on an external crypto exchange.

Additional terms:
- Tokenholders do not have any voting rights.
- Tokenholders do not own any capital in the company.
- Tokenholders have the right to make transactions using tokens.
- Upon successful completion of IEO, all unsold tokens will be burned.
- Discount on transaction commissions.
- Discount on the broker's trading commissions.
- Discount on exchange service commissions.
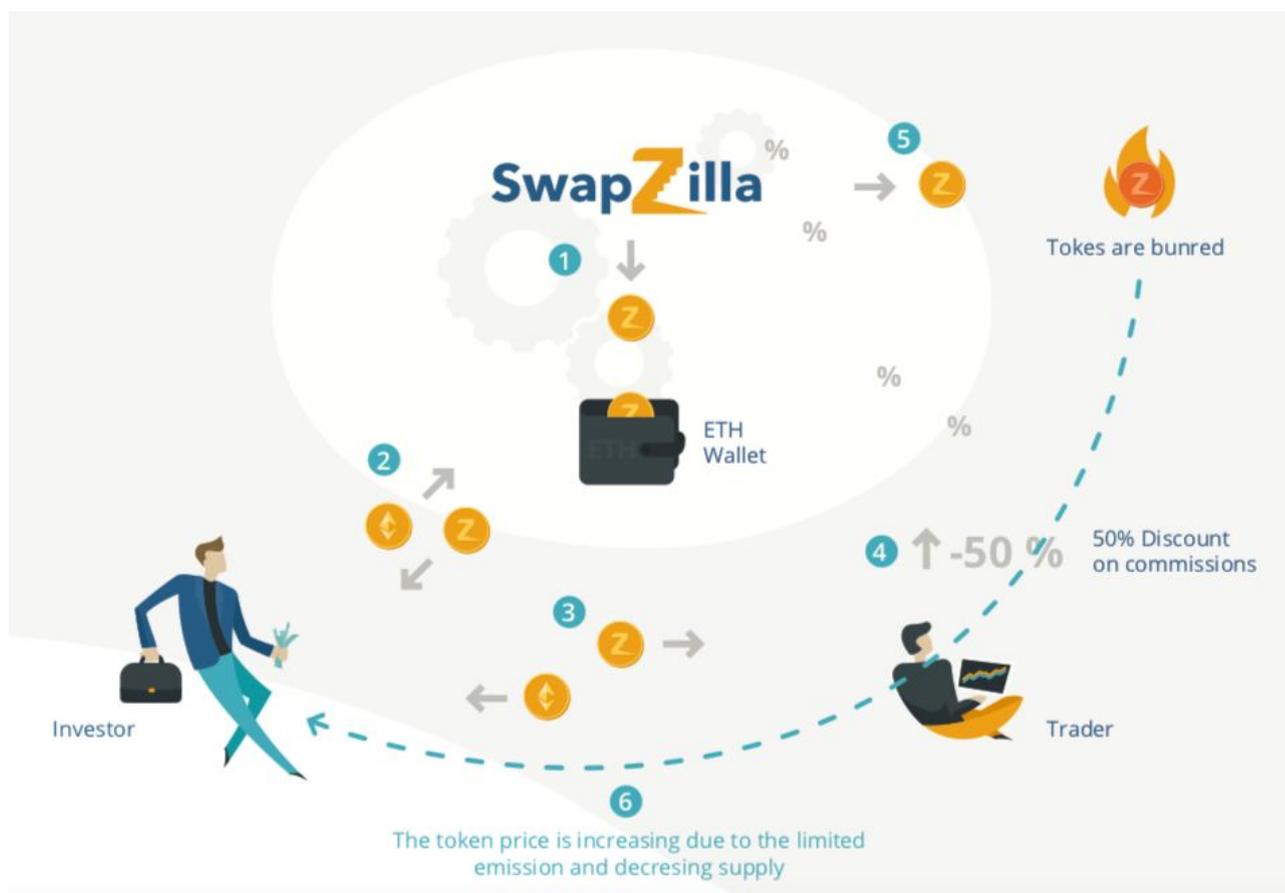
9. Token price factor analysis

FACTOR	DESCRIPTION	PRICE EFFECT
Development and release of new products according to the roadmap	The product is not available, which is a negative factor, though we note that it is scheduled for release in 2020.	↓ ↑
Fixed token supply	Future emissions of tokens are not possible, therefore there is no fundamental risk of token price decrease	↑
Unsold tokens will be burned	According to the White Paper (p. 39) and Public Offer (p.10), all unsold tokens will be burned	↓ ↑

10. Investment risk analysis

RISK	DESCRIPTION	LEVEL
Development risk	The team has already launched the beta exchange, however, platform itself will not be launched until the end of 2020. We note, however, that IEO is intended to take place up in early 2020, thus offsetting partially this risk	Medium
Commercial risks / competition	We note that crypto exchange market, despite being very large, is highly competitive	Medium
Team	We note that all of the team members and the majority of advisors have public LinkedIn accounts. All bar one of team members and all of the advisors who have a public account list their affiliation with SwapZilla project.	Medium
Roadmap	The roadmap does not cover in detail business development milestones as well as information on how those milestones may be measured and achieved.	Low

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