

## Unit 6: Token Issuance and Distribution

**Airdrop:** An marketing strategy where a token issuer distributes free tokens to a large number of users, usually as an incentive to use a platform or service. Airdrops can help increase awareness and adoption of a new token.

**Bounty program:** A type of incentive-based marketing strategy where participants are rewarded with tokens for completing specific tasks or activities, such as bug reporting, content creation, or social media promotion.

**Circulating supply:** The total number of tokens or coins that are publicly available and in the hands of investors, traders, and users. This does not include tokens or coins that are locked up in escrow, reserved for team members, or held by the token issuer.

**Crowdsale:** A fundraising event where a token issuer sells tokens to the public, usually in exchange for other cryptocurrencies like Bitcoin or Ethereum. Crowdsales can take various forms, such as initial coin offerings (ICOs), initial exchange offerings (IEOs), or security token offerings (STOs).

**Cryptographic token:** A digital representation of a valuable asset or utility, often built on a blockchain platform. Tokens can represent a variety of rights, such as access to a service, voting power, or a share in future revenues.

**Escrow:** A legal agreement where a third party holds and regulates the transfer of assets or funds between two parties, ensuring that the terms of the agreement are met. In token issuance, escrow is often used to securely hold and distribute tokens according to a predefined schedule or set of conditions.

**Fork:** A change in the underlying protocol or rules of a blockchain, which can result in the creation of two separate blockchains or token networks. Forks can be either hard (requiring all network participants to upgrade) or soft (compatible with older versions).

**Genesis block:** The first block in a blockchain, which contains the initial set of transactions and establishes the foundation for the entire network. In token issuance, the genesis block often includes the initial distribution of tokens.

**Hard cap:** The maximum amount of funds that a token issuer aims to raise during a crowdsale. Once the hard cap is reached, no further funds can be accepted.

**ICO (Initial Coin Offering):** A type of crowdsale where a token issuer sells newly created tokens to investors, usually in exchange for other cryptocurrencies like Bitcoin or Ethereum. ICOs are often used to fund blockchain-based projects and startups.

**IEO (Initial Exchange Offering):** A type of crowdsale where a token issuer partners with a cryptocurrency

exchange to sell their tokens directly to the exchange's users. IEOs offer increased visibility and credibility, as the exchange typically vets the token issuer and their project before listing the tokens.

**\*\*KYC (Know Your Customer):\*\*** A process where a business verifies the identity of its customers, usually to comply with anti-money laundering (AML) regulations. In token issuance, KYC may be required for investors to participate in a crowdsale.

**\*\*Lock-up period:\*\*** A predefined period during which tokens or coins are frozen and cannot be transferred, sold, or traded. Lock-up periods are often used to align the interests of token issuers, investors, and team members, and to prevent market manipulation.

**\*\*Market capitalization:\*\*** The total value of all tokens or coins in circulation, calculated by multiplying the current price by the circulating supply. Market capitalization is a common metric used to evaluate the size and popularity of a cryptocurrency.

**\*\*Pre-sale:\*\*** A limited-time event where a token issuer sells tokens to select investors, usually at a discounted price, before the official crowdsale begins. Pre-sales are often used to generate early interest and funding for a project.

**\*\*Proof-of-stake (PoS):\*\*** A consensus mechanism used by some blockchain networks, where validators are chosen to create new blocks based on the number of tokens they hold and are willing to "stake" as collateral. PoS is considered more energy-efficient than proof-of-work (PoW), as it does not require extensive computational power.

**\*\*Proof-of-work (PoW):\*\*** A consensus mechanism used by some blockchain networks, where validators compete to solve complex mathematical problems in order to create new blocks and earn rewards. PoW is designed to be computationally intensive, requiring significant energy and resources.

**\*\*Security token:\*\*** A type of cryptographic token that represents an investment in a traditional asset, such as stocks, bonds, or real estate. Security tokens are subject to securities regulations and offerings must comply with relevant laws and regulations.

**\*\*Soft cap:\*\*** The minimum amount of funds that a token issuer aims to raise during a crowdsale. If the soft cap is not met, the issuer may choose to refund investors or extend the crowdsale period.

**\*\*STO (Security Token Offering):\*\*** A type of crowdsale where a token issuer sells security tokens to investors, usually in compliance with securities regulations. STOs enable fractional ownership of traditional assets and offer increased liquidity compared to traditional securities markets.

**\*\*Token burn:\*\*** The process of permanently removing tokens from circulation, often as a means to reduce supply and increase token value. Token burns can be performed manually or automatically, according to predefined conditions or schedules.

**\*\*Token issuance platform:\*\*** A software application or service that enables the creation and distribution of cryptographic tokens, usually on a blockchain platform. Token issuance platforms can simplify the process of launching a new token and managing its distribution.

**\*\*Token sale:\*\*** A general term used to describe the process of selling cryptographic tokens to the public, often through a crowdsale event like an ICO, IEO, or STO.

**\*\*Total supply:\*\*** The total number of tokens or coins that have been created, whether in circulation or not. This includes tokens or coins held in reserve, by the token issuer, or in escrow.

**\*\*UTXO (Unspent Transaction Output):\*\*** A technical term used in blockchain networks to describe the remaining balance of a cryptocurrency wallet after a transaction has been made. UTXOs are used to track the ownership and availability of tokens or coins within a network.

**\*\*Vesting period:\*\*** A predefined period during which tokens or coins are gradually released to team members, investors, or advisors, according to a vesting schedule or cliff. Vesting periods are often used to align the interests of stakeholders and prevent the immediate dumping of tokens on the market.

**\*\*Whitelist:\*\*** A list of pre-approved investors who are eligible to participate in a private sale or pre-sale event. Whitelists are often used to manage the allocation of tokens and ensure compliance with KYC and AML regulations.

**\*\*Whitepaper:\*\*** A detailed document that outlines the technical, financial, and operational aspects of a blockchain project, including its goals, tokenomics, and use cases. Whitepapers are often used to provide information to potential investors and stakeholders during a token issuance event.