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# Pre-IPO Perpetuals: Front-Running Wall Street

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# Research and Insights

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# Executive Summary

- Pre-IPO perpetual contracts (perps) democratize private equity access by allowing retail investors to trade the valuation trajectories of unlisted popular companies.
- These synthetic financial instruments utilize initial reference pricing models to determine an initial price:
  - **Valuation Fractional Model:** Tracks the company's total estimated enterprise value, designed to be immune to "stock splits" or capital restructuring confusion.
  - **Proxy Per-Share Model:** Simulates an individual share price by synthesizing an index price.
- Since a standard crypto funding rate cannot be safely applied without a live spot oracle, the industry uses workarounds to maintain stable price movements.
- The market provides traders with strategic advantages, including 24/7 macro responsiveness, frictionless capital allocation, and superior capital efficiency via leverage. Empirical validation shows that pre-IPO contract prices can more accurately predict public opening prices than traditional institutional valuations.
- Crypto.com Exchange's Pre-IPO Perpetuals offer exposure to private giants like OpenAI and SpaceX using a split-proof total valuation model. Key benefits include capital efficiency via stablecoin collateral, 0% funding rates before the IPO, and accurate institutional-grade oracles. Its user-friendly interface simplifies tracking macro value.
- These contracts carry structural risks unique to operating before a company's public listing, such as gap risk (violent price snap-back upon listing), arbitrage void (price decoupling), corporate opacity, and illiquidity leading to slippage.

# 1. Introduction

For decades, private equity has been finance's most exclusive territory. Everyday retail investors were structurally locked out of hyper-growth companies like SpaceX, OpenAI, and Anthropic. Mainstream traders were forced to wait for an official initial public offering (IPO) — a point at which venture capital (VC) insiders and institutional elites had already extracted the majority of the upside.

The crypto derivatives ecosystem has solved this access problem through a generalized market concept: synthetic **pre-IPO perpetual contracts**. By wrapping expected public valuations into crypto-native financial instruments, global trading platforms allow retail users to trade the valuation trajectories of private tech giants 24/7 with leverage, using stablecoins directly from their Web3 or exchange wallets.

This report details how pre-IPO perpetuals democratize the private equity landscape.

# 2. The Mechanism

Traditional perpetual contracts rely on a "spot price oracle" — a data feed tracking a live stock or token. Because an unlisted company lacks a public share structure and an active spot ticker, the crypto ecosystem utilizes a self-sustaining engineering mechanism to facilitate pre-IPO trading.

## 2.1 Initial Reference Pricing Models

### The Valuation Fractional Model

This model is rapidly becoming the industry standard for major exchanges (e.g., [Crypto.com Exchange](#)). Instead of trying to guess an individual share price, the platform tracks the company's total estimated enterprise value:

$$\textit{Quoted Contract Price} = \frac{\textit{Implied Corporate Valuation}}{1,000,000,000}$$

A contract price of \$900.00 means the market values the company at exactly \$900 billion (e.g., [Anthropic's valuation at time of writing](#)). If the contract moves up to \$1,350.00, the market is pricing the company at \$1.35 trillion. [This model completely eliminates "stock split" or capital restructuring confusion](#). If a private company undergoes a 2-for-1 stock split behind closed doors, a per-share price

would artificially crash by 50%, while this valuation index remains entirely unaffected.

### The Proxy Per-Share Model (Internal Pricing & Discovery Bounds)

This model is designed to look identical to traditional stock market quote feeds. It attempts to simulate an individual share price before the company lists. It dictates that 1 contract in perps equals 1 expected share of stock. The price is initialized by analyzing the company's SEC S-1 filings, extracting the fully diluted share count, and dividing the implied valuation by that number. This creates a synthetic proxy share where 1 contract equals 1 share.

If a company undergoes a stock split right before its IPO, causing the per-share price to drop significantly, the total economic value of your trading position remains exactly the same as its total market capitalization doesn't change. The split simply distributes more shares at a lower individual price. Platforms can mitigate this by updating the contract's underlying reference share count to match the new, fully diluted post-split figure.

[For example](#), when the SpaceX contract launched, it debuted at a reference price of \$150.00, which was algorithmically pinned to [SpaceX's \\$1.78 trillion private target](#). When retail buying drove the contract price up to \$211.00, the implied market valuation scaled proportionally to \$2.5 trillion.

## 2.2 Price Movement

Because an unlisted private company has no active external spot oracle to anchor the derivative, a standard crypto funding rate cannot be safely applied. If a platform forces longs to pay shorts based on an internal spot index, a few whales could easily manipulate the book to harvest massive funding fees from retail. To keep pre-market price movements stable and orderly, the industry uses three distinct structural workarounds:

- **Frozen Premium Model:** Some platforms solve the missing oracle problem by synthetically mapping the "index price" directly to the internal bid and ask prices of the pre-market contract itself. Because the contract is tracking itself, the protocol **hard-codes the Premium Index<sup>1</sup> to zero**. This means active funding fluctuations are entirely deactivated before the official public listing day, and the funding rate defaults to a flat, microscopic base interest rate.
- **Hyper-Dampened EMA Model:** Some platforms create a synthetic spot anchor using a lagging exponential moving average (EMA) of the contract's

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<sup>1</sup> Premium Index or Premium Rate is the major component of funding rate that measures the price divergence between the perpetual contract and the underlying spot market.

own mark price<sup>2</sup>. However, to prevent catastrophic liquidation cascades, the funding sensitivity is throttled down to a tiny fraction — **often just 1% of the standard live formula**. This creates a soft, cushioned architectural pull rather than an aggressive penalty.

- **Pure Expiryless Futures Framework:** A third cohort of platforms treats the asset strictly as an expiryless forward contract with **absolute zero funding**. The price moves purely on raw sentiment, allowing the contract to trade at a massive premium or a deep discount relative to institutional funding rounds, based entirely on where retail believes the eventual public opening price will land.

| Model                          | Best For   | What to Watch Out For  |
|--------------------------------|--|--|
| <b>Frozen Premium</b>          | Long-term swing traders who want flat, predictable costs | The sudden activation of full floating funding fees on listing day |
| <b>Hyper-Dampened EMA</b>      | Technical day-traders and high-volume scalpers           | Subtle carry-cost drift over multi-day holding periods             |
| <b>Pure Expiryless Futures</b> | Spot-alternative buyers who want zero holding costs      | High price deviation and violent price snaps on IPO day.           |

## 2.3 The Conversion and Settlement Lifecycle

Pre-IPO contracts are designed with a definitive transition path:

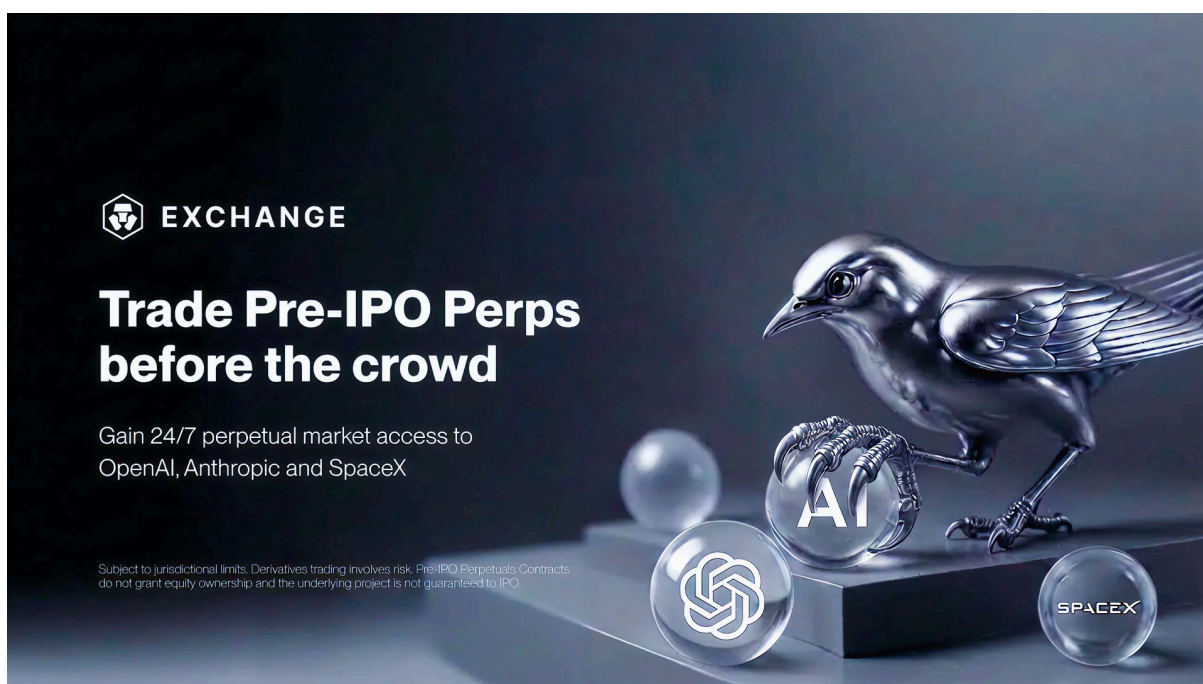
- **Halt and Cash Settle Approach:** The exact moment the underlying company executes its public listing and an official, liquid spot price becomes available via mainstream financial data feeds, the synthetic index turns off. Advantages include definitive settlement and no reliance on post-listing equity derivatives. Disadvantages include the cessation of the trading instrument and a lack of ongoing engagement as the company enters the public market.
- **Listed Equity Perp Migration:** The contract swaps its internal moving-average oracle for the live traditional equity feed. The contract

<sup>2</sup> Mark Price helps prevent market manipulation and unnecessary liquidations. It is used to calculate margin requirements and determines the timing for margin notices and Forced Liquidation.

seamlessly transitions into a standard equity perpetual, allowing traders to carry their positions into the public market phase. This path only fits for the **Reference Price Scaling Model** and features a distinct advantage and drawback:

- **Advantage:** Supports uninterrupted trading without settlement disruptions while preserving user open interest and account balances.
- **Drawback:** Involves a significant operational commitment to listing the corresponding post-IPO equity perpetual for each specific asset.

## 2.4 Pre-IPO Perpetuals on Crypto.com Exchange



Crypto.com’s Pre-IPO Perpetuals offer financial exposure to private tech giants — including OpenAI, Anthropic, and SpaceX — using a total valuation model that indexes corporate value and protects against stock splits. Crypto.com Exchange delivers several major advantages over traditional secondary marketplaces:

- **Unrivaled Capital Efficiency via Stablecoins:** Crypto.com democratizes access to tech giants by allowing long or short positions using flexible stablecoin collateral, bypassing the high capital requirements and accredited investor status of traditional private equity.

- **True Long-Term Holding with Zero Fees:** Traders can maintain long-term swing positions without the burden of high funding rates or carry costs, thanks to a 0% funding rate guarantee prior to the IPO.
- **Institutional-Grade Oracle Feeds:** The platform ensures trade accuracy and protects against price manipulation by aggregating data from multiple major external venues to maintain its index price.
- **Clean, Effortless User Experience:** Its intuitive dashboard uses an elegant valuation model that tracks high-level company value, removing the need for complex calculations regarding share counts or funding rounds.

## 3. Market Validation: The Pre-IPO Tech Basket

### 3.1 Strategic Advantages for Traders

The pre-market perpetuals market offers benefits over the traditional private equity market:

- **24/7 Macro Responsiveness:** Digital asset perpetuals enable immediate reaction to global tech developments and artificial intelligence (AI) breakthroughs outside of Wall Street hours. This continuous access eliminates the risk of significant "opening gaps" often encountered in legacy brokerage systems.
- **Frictionless Capital Allocation:** While traditional private equity entry requires complex bank transfers and multi-day processing, crypto-native infrastructure allows for instantaneous rebalancing. Traders can immediately pivot capital from liquid crypto assets directly into pre-IPO opportunities with a single transaction.
- **Superior Capital Efficiency:** On-chain pre-market contracts bypass the 100% upfront cash requirements and legal escrows of secondary markets. By utilizing stablecoin collateral and supporting leveraged positions, these instruments allow for a significantly larger financial footprint with minimal initial capital.

Current market metrics illustrate how global demand establishes a "momentum premium" over traditional, static institutional valuations. This synthetic model was empirically validated when AI chipmaker **Cerebras Systems** debuted on the Nasdaq: the final pre-IPO crypto contract price of [\\$340](#) predicted the actual

Nasdaq opening price of [\\$350](#) within a 3% margin of error. In contrast, traditional, illiquid private marketplaces mispriced the asset at [\\$225](#), representing a significant 35% distortion.

| Asset Contract  | IPO Price             | Institutional Baseline Floor             | Perps Price                                     | Private Secondary Market Price | Public Opening Price  | Realized Public ROI |
|-----------------|-----------------------|--|---|--------------------------------|-----------------------|---------------------|
| Cerebras (CBRS) | <a href="#">\$185</a> | <a href="#">\$56.4B (with IPO Price)</a> | <a href="#">~\$342</a><br>(~1 hour before open) | <a href="#">\$225</a>          | <a href="#">\$350</a> | +89.1%              |

| Asset Contract | Target IPO Date                          | Institutional Valuation                       | Perps Valuation (Crypto.com Exchange) | Val. Premium Institutional vs Perps |
|----------------|--|---|---------------------------------------|-------------------------------------|
| SpaceX         | <a href="#">Jun 12, 2026</a>             | <a href="#">\$1.8T (S-1 Target, May 2026)</a> | \$2.54T                               | +41.1%                              |
| Anthropic      | <a href="#">No earlier than Oct 2026</a> | <a href="#">\$965.0B (May 2026)</a>           | \$1.74T                               | +80.3%                              |
| OpenAI         | <a href="#">Potentially Q3 2026</a>      | <a href="#">\$852.0B (Mar 2026)</a>           | \$1.40T                               | +64.3%                              |

As of May 28, 2026

## 3.2 Risks

Because pre-IPO perpetuals operate in a unique zone before a company goes public, they carry structural risks that do not exist in standard crypto or stock markets. To trade this arena safely, users should understand the critical risk vectors.

### Gap Risk (The Listing Day Snap-Back)

Unlike standard perpetual markets, pre-IPO contracts lack a live spot oracle, allowing the price to drift into a hype-driven bubble. When the underlying company officially lists, a valid spot oracle activates, causing the contract price to violently snap to the true Wall Street opening print, which can instantly liquidate heavily leveraged positions.

### The Arbitrage Void (Chronic Price Decoupling)

Platforms intentionally deactivate or hyper-dampen funding rates to prevent whale manipulation. This action, however, eliminates the financial incentive (the arbitrage void) for institutional market makers to fight retail mania and stabilize the price. The result is an one-sided, volatile order book, which decouples the price from financial reality until the public listing draws near.

### **Corporate Opacity and The "Share Count" Blindspot**

Unlike the transparency of cryptocurrency tokenomics, private companies operate with corporate secrecy. They frequently alter their capital structure, such as executing unexpected stock splits or issuing new equity pools, right up until the final prospectus. For contracts utilizing the Proxy Per-Share Model, such restructuring can instantly alter the contract's value overnight. Regardless of the model used, general corporate opacity means traders are always operating on asymmetric information compared to company insiders.

### **Illiquidity and Thin Order Book Slippage**

Pre-IPO liquidity is often concentrated around major events, meaning order books can thin out rapidly during quiet periods. This creates significant slippage risk; a market order during a downturn could execute far below the expected price, leading to outsized losses.

## **4. Conclusion**

The boundaries between the crypto space and Silicon Valley equity have dissolved. Pre-IPO perpetual markets are no longer a niche project experiment; they have become a foundational derivative structure integrated across major global exchanges. This structure provides market participants with early and continuous access to the valuation trajectories of major private technology companies, enabling capital allocation via stablecoins.

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# References



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