

STOHQ

Security Token Offering: The what, where and how.
A crypto-world introductory series



Programmable tokenization of real-world assets



Jurisdictions and regulatory compliance

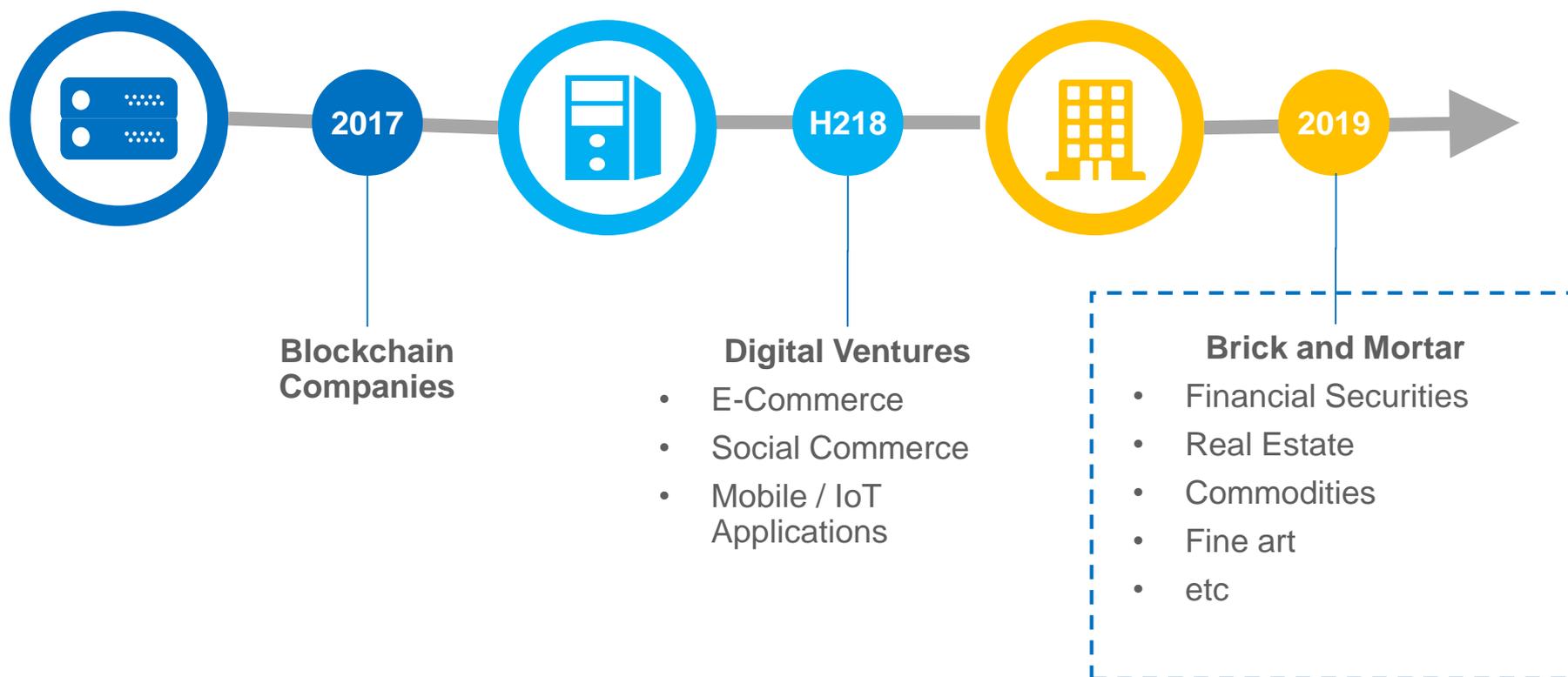


STO protocols, platforms and exchanges



Notwithstanding all the hype, we are only at the beginning and yet to realize the full potential of the emerging Token Economy

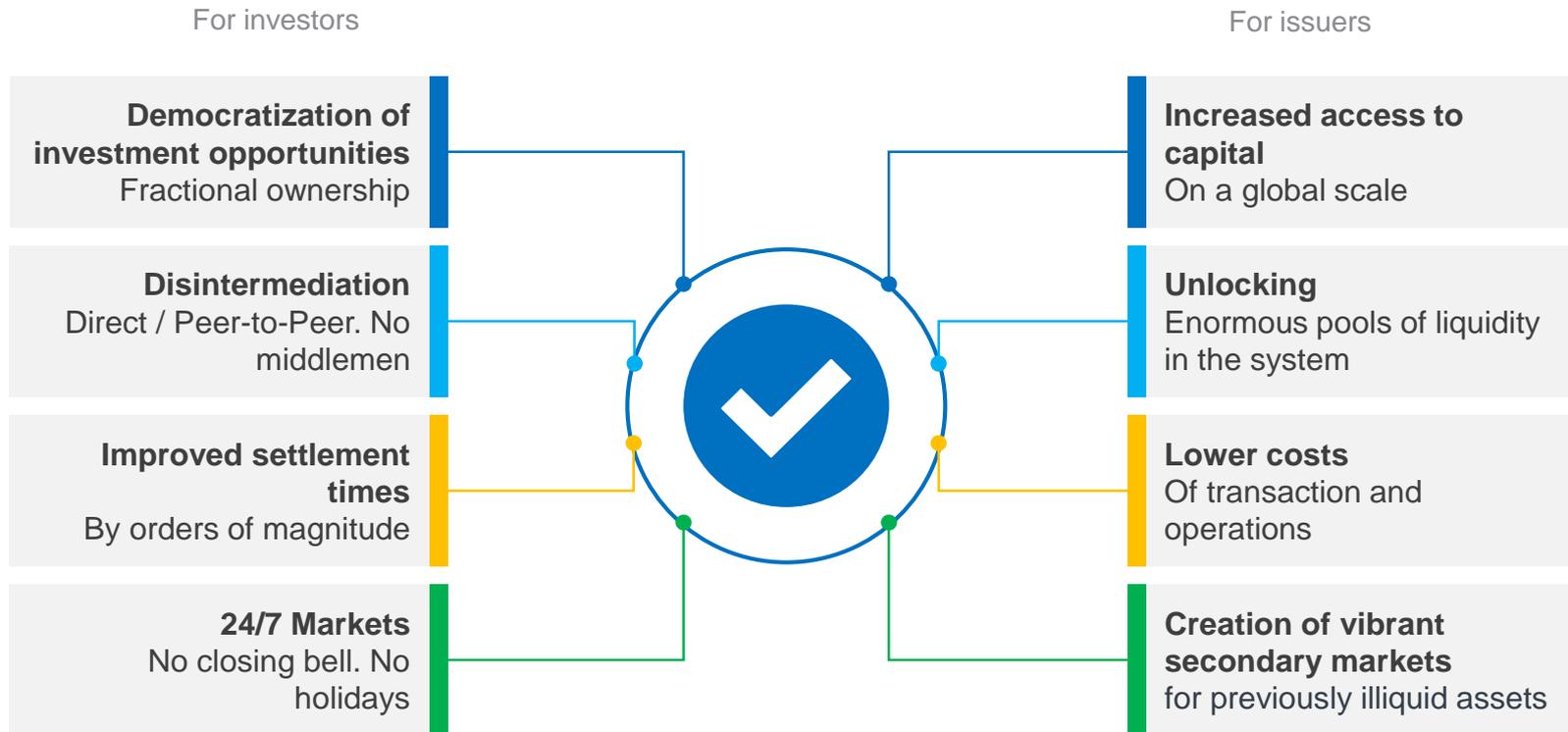
Tokens could represent everything of value - physical goods, loyalty points, real estate, creative productions (works of art, music, etc), service leases and time-shares, securities, and a lot more



While 2017 was the year of the 'Utility' token, 2019 is shaping up to be the year we put real-world assets into fractional ownership on the Blockchain using smart contracts

Tokenizing securities, financial instruments, and assets will have a profound impact on the world, especially financial markets

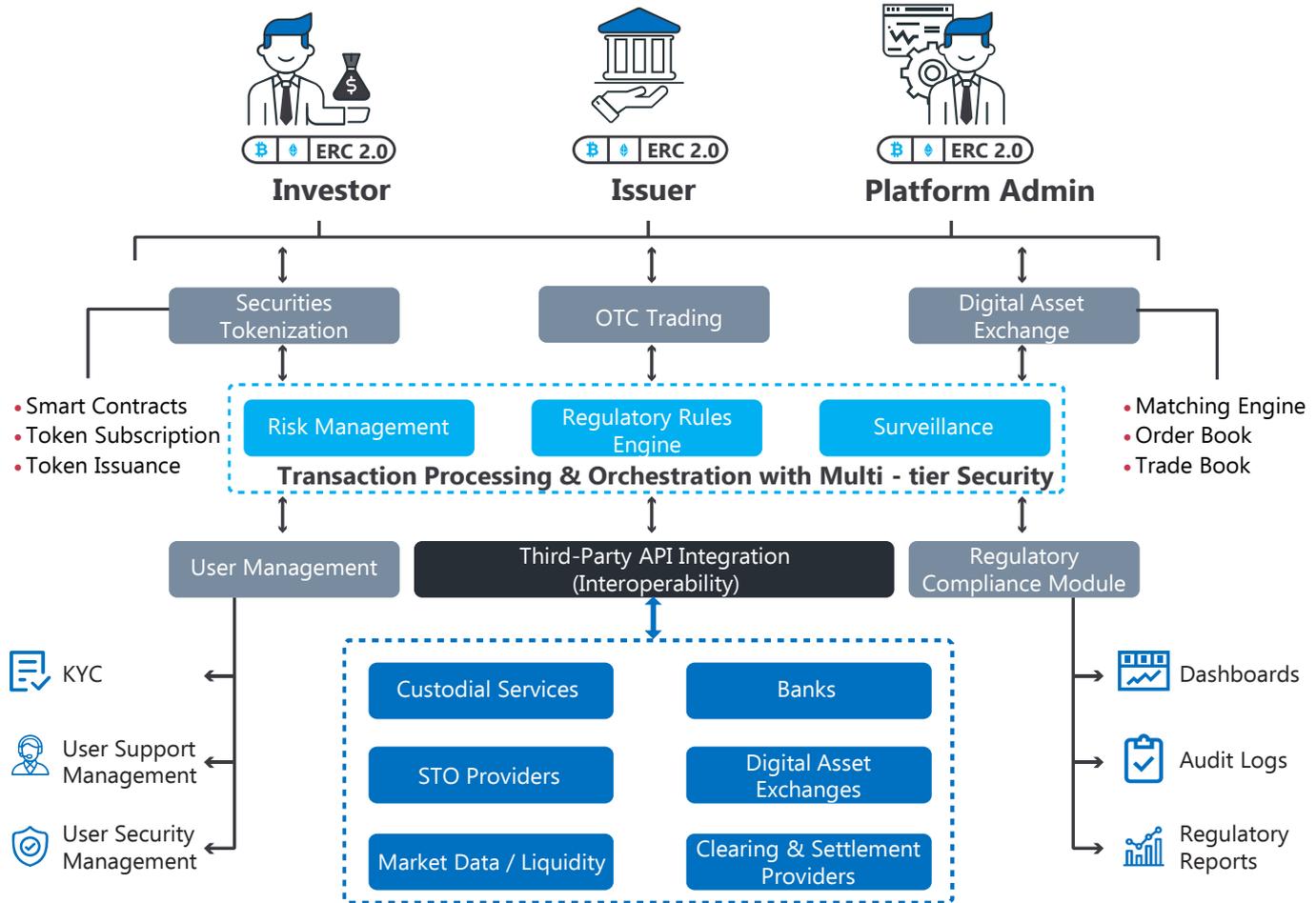
Why tokenize securities?



Security Tokens will quickly revolutionize the traditional finance world - liberating trillions of dollars worth of non-liquid assets, raising new capital and creating all-new secondary markets - on the Blockchain

Issuers, exchanges and other service providers will need to work together for Security tokens to get adopted in any meaningful way

A sample framework of how it could all come together - security, custodian, liquidity, KYC/AML and more



A comprehensive ecosystem and seamlessly integrated infrastructure is crucial for mainstream adoption of tokenized securities

Security tokens can become the default form for financial securities, given a strong framework for STO standards

Some of the early emerging standards

Code	Token	Author
ST-20	POLY	Polymath Team
R-Token	R-Token	Harbour Team
ERC-1404	Ethereum Token Standard	Multiple
ERC-1400	Ethereum Token Standard	Multiple
DS Protocol	DS Token	Securitize
SRC 20	SWM	SWARM

A key challenge for security tokens is how several different standards being offered to the marketplace can be reconciled

STO platforms and exchanges are being set up in jurisdictions across the world as regulations evolve

These systems will provide the technology and operational base to issue, manage & trade tokenised securities



The next generation of institutional-grade digital asset exchanges and trading platforms – secure and compliant – will be essential to transform capital markets

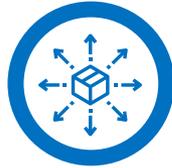
Regardless of the hype & speculation, mainstream investment into crypto assets does see challenges

Key barriers remain, making long established financial institutions - banks, hedge funds, family offices and private investors hesitant to get involved



Regulations / Laws

The rules of the game continue to be unclear



Structured Products

Institutional-grade platforms and product offerings



Custodial Services

Secure and legal holding of the digital assets



Liquidity / Reserves

Integrated pools for quick transactions and price stability

Analysts expect the participation of institutional investors to bring stability to the market, allowing digital assets to emerge as a major asset class

There are multiple factors that participants in a tokenized securities ecosystem need to take into consideration

Some of the key considerations:



From the initiation of an STO, the actual offering can take anywhere between four months to a year, depending on various factors and regulations

Despite the industry still being in its early stages, issuers can start to explore securities tokenization as a means to capitalization

A 5-Step approach for issuers to understand, prep and launch a security token offering

- 1**
 - Finalize capital needs and set up a core team to work on the project
 - Clearly define the asset to be tokenized

- 2**
 - Evaluate tokenization options
 - Understand related regulations
 - Get professional opinion

- 3**
 - Create an extended team with advisors, partners, etc.
 - On-board participants
 - Kick-off the project

- 4**
 - Design the security token offering
 - Finalize token details
 - Develop schedule and documentation

- 5**
 - File required documentation
 - Get clearances
 - Create and custody tokens
 - Launch campaign

Select guiding principles:

- Perform a comprehensive assessment of options from a business, technology, and legal standpoint of using tokenized securities
- Be aware of / get comprehensive advice on post-tokenization regulatory, reporting and compliance requirements

While security tokens will replace listed equity markets in the future, they could quickly become an alternative option for SME issuers who seek international exposure to an ever-growing network of wholesale and accredited investors

Join us as we empower this new digital tokenized asset paradigm and pave the future of capital markets

We are eager to hear from you. If you have any questions, drop us a line or reach us via any of the channels below:

Reach Us



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