

Security Tokens

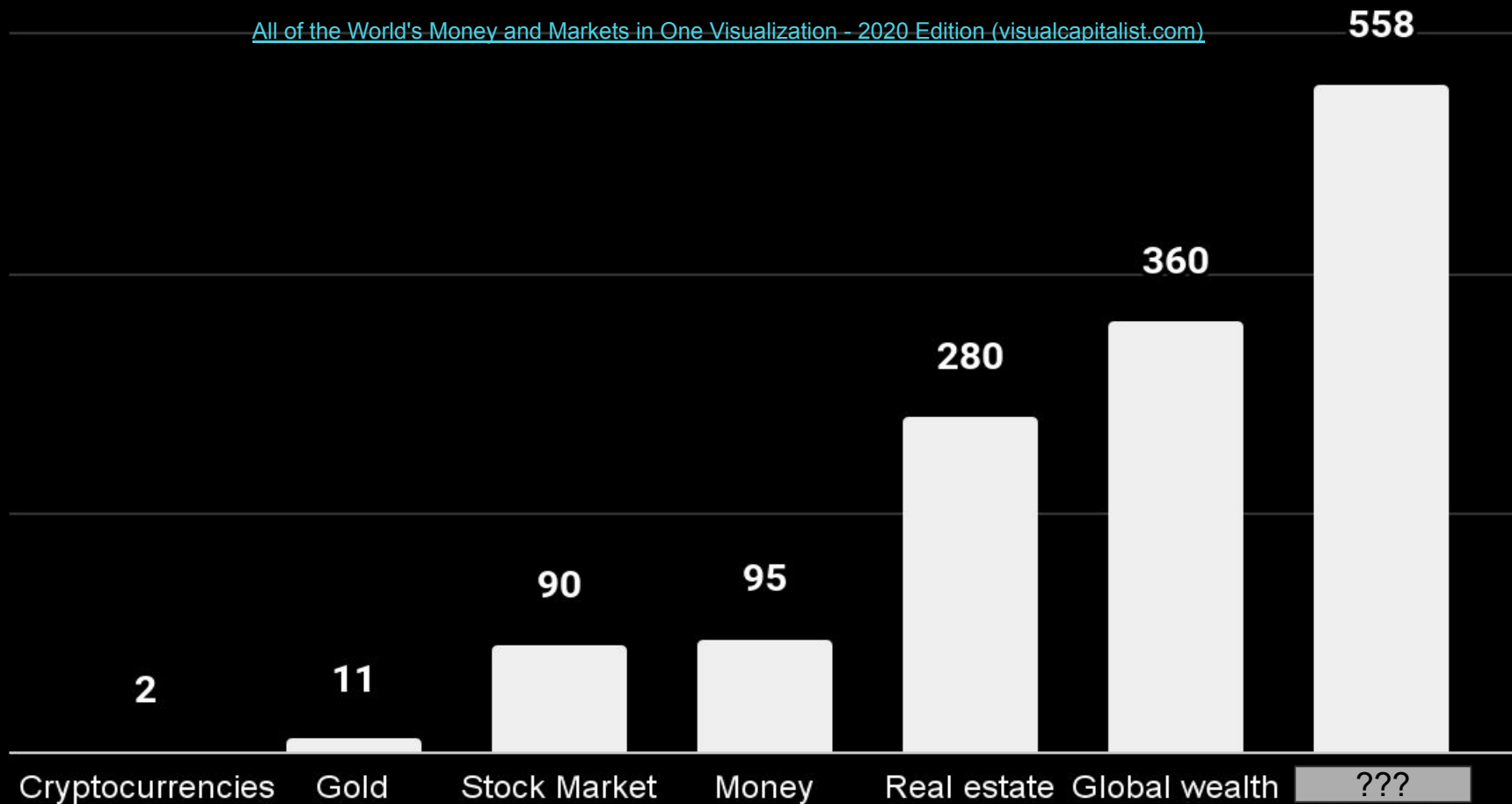
An overview

Disclaimer

- This presentation merely reflects the views of the author and in no ways constitutes investment advice
- I am **not** a financial advisor. I am in no way qualified to recommend any investments and I am not doing so
- This presentation is merely a picture of the STO landscape and the way it works. It **cannot** be used as a base for making investment decisions

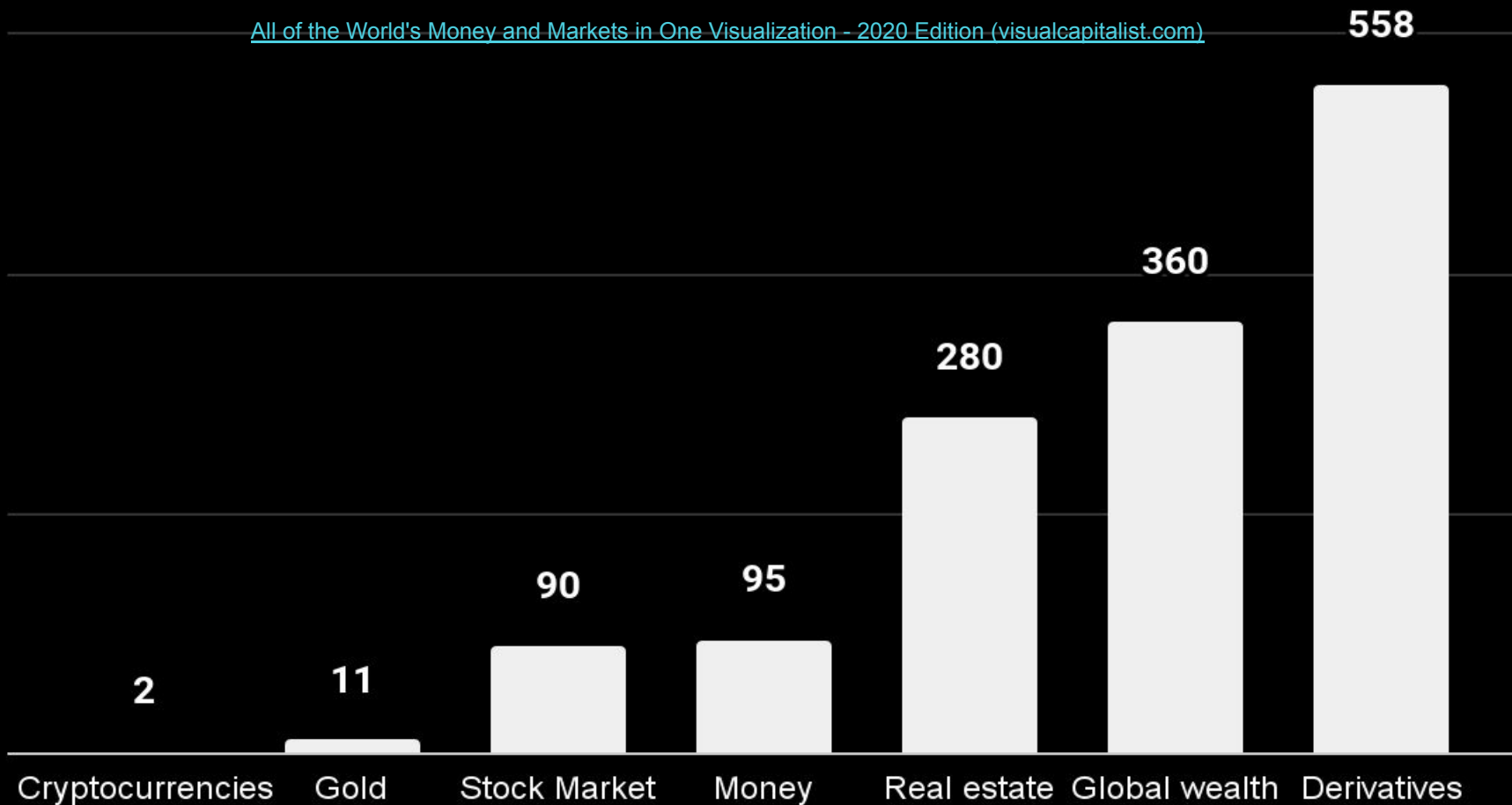
Global Value in \$ Trillion

[All of the World's Money and Markets in One Visualization - 2020 Edition \(visualcapitalist.com\)](#)



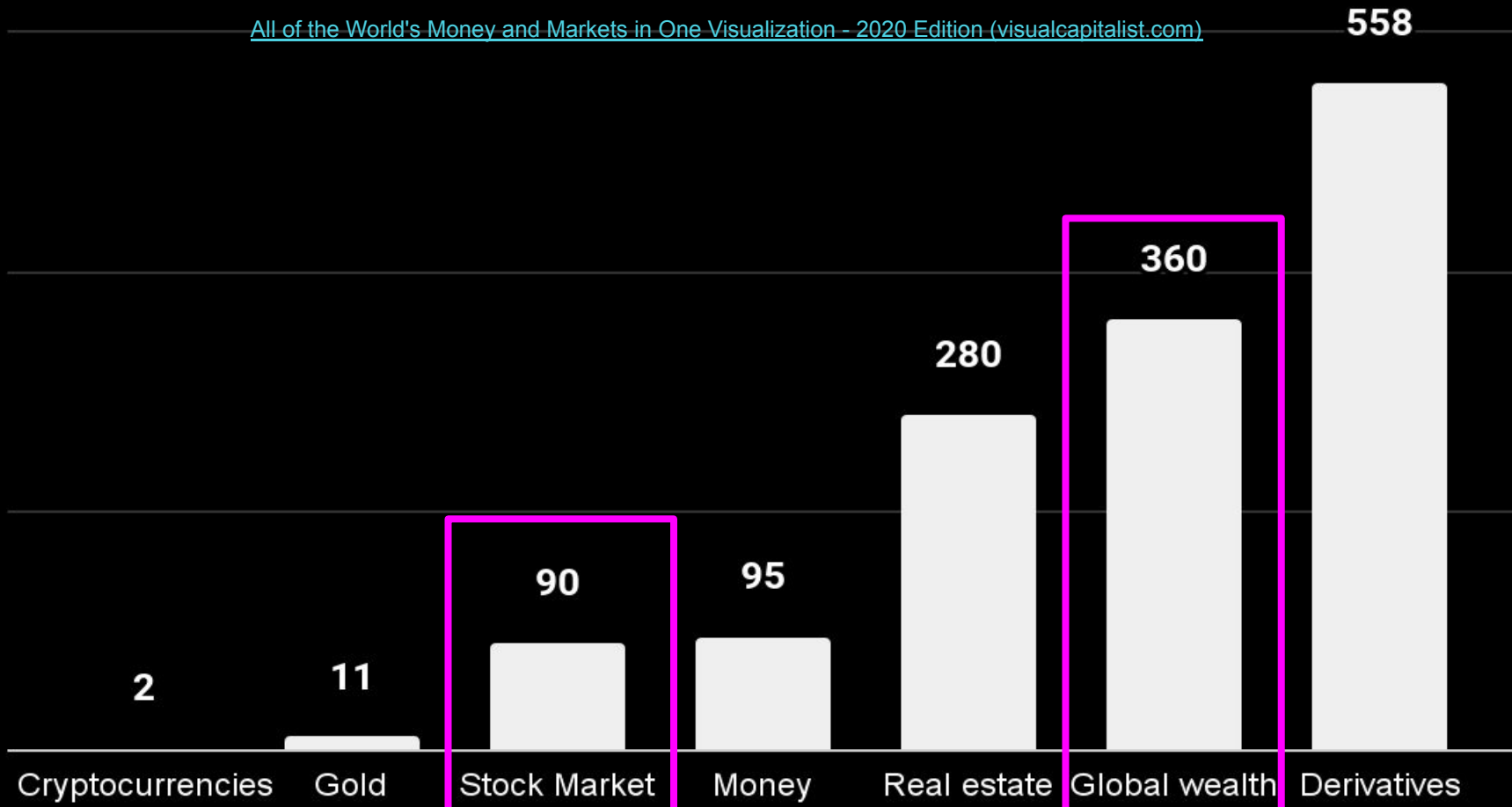
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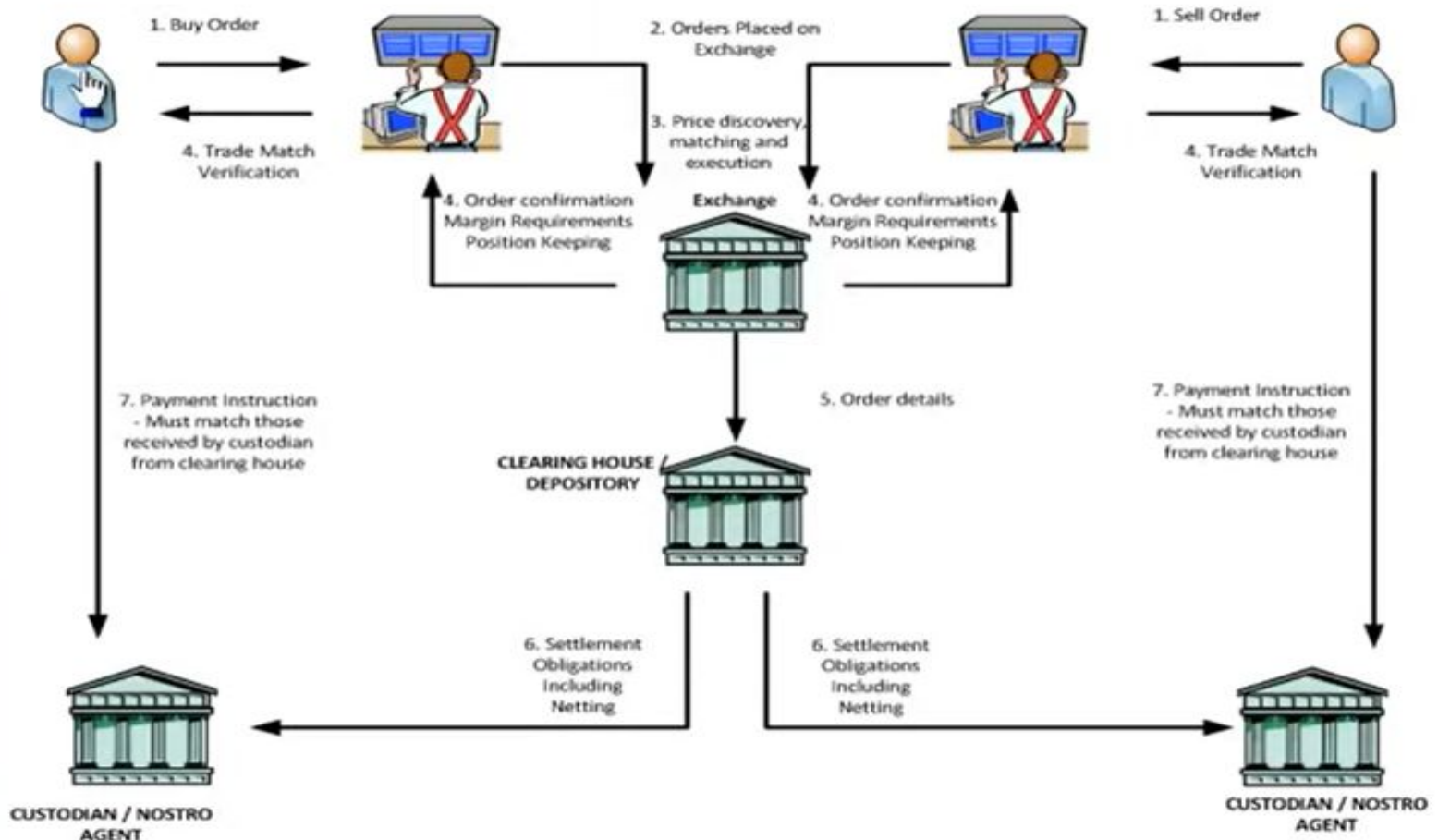
Candid Question:

Why isn't all the wealth in the world traded on
the stock market?

Trade Execution

Trade Clearance

Trade Settlement



Pros/Cons of stock market

- Costly to implement due to the amount of middlemans
 - Restricted access (geographically / time)
 - Limited fractional ownership
 - Lots of assets classes are underrepresented
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- + Stocks represent real ownership
 - + Regulated
 - + Works well from buyer/seller perspective

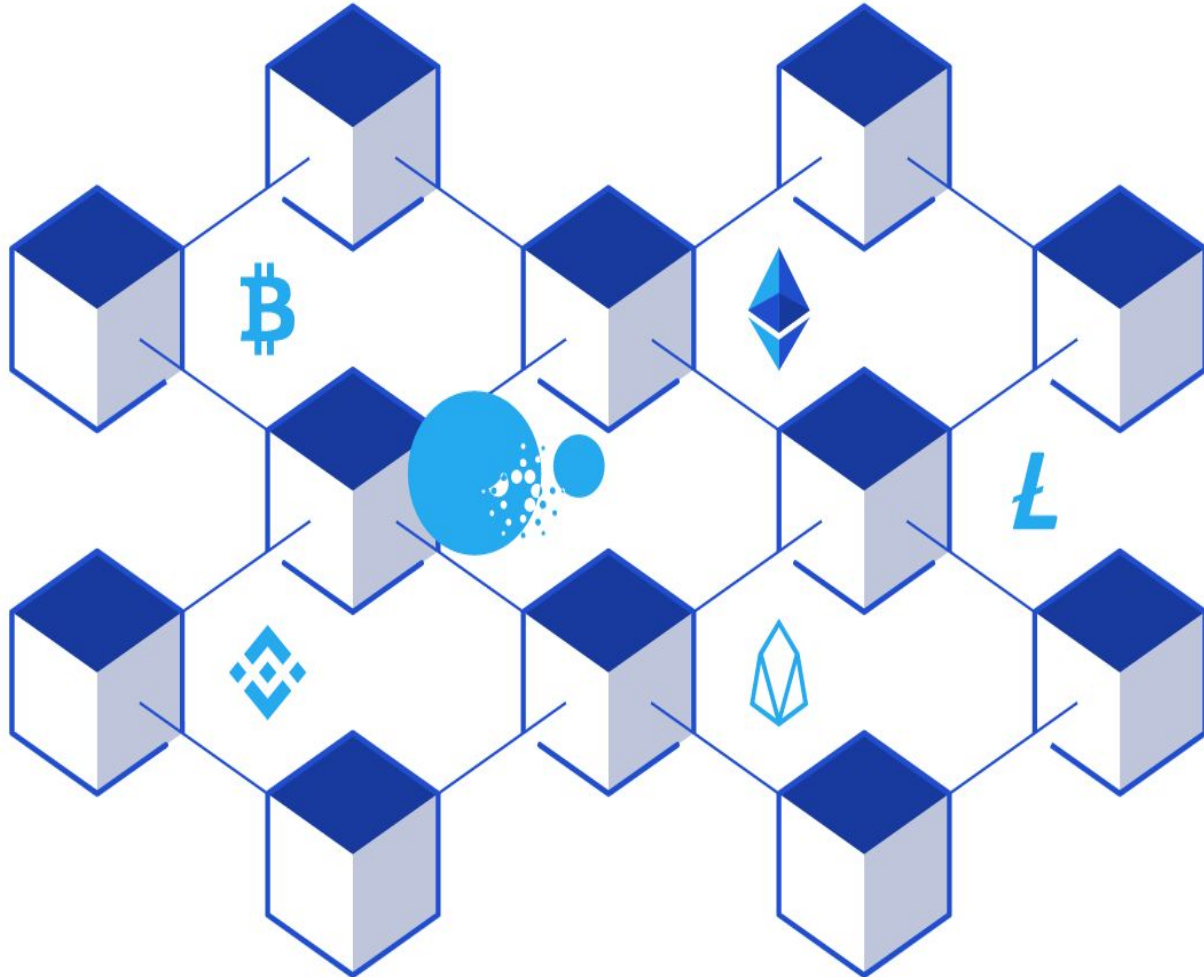


Image from: [Blockchain Development Services | Toptal®](#)

In the ideal scenario a blockchain could serve as:

- an exchange/broker
- a settlement layer
- a custody solution

Pros of blockchain based solutions

- + High liquidity
- + Permissionless
- + Instantaneous
- + Transparent
- + Asset Class Agnostic

In practice

- Currently not super practical & quite expensive
- Unregulated → no ownership recognition

Security tokens, the best of both worlds

Security token = stock that lives on the blockchain

- + Regulated (recognized ownership)
- + Cheaper
- + Suitable for any asset class
- + Instantaneous settlement

Security Token: an example *(This is Not an investment offer!)*



TOTAL INVESTMENT:

1

PURCHASE TOKENS |

STOCK: 1419


Maximum purchase: 975

Government

KYC &
Legal
partner

Company A

Buyers/Sellers





Issuance

Mt
Pelerin

Exchange /
Broker



AMM

Infrastructure

The main intention of security tokens is to create a cheaper, simpler, fairer and faster way to issue shares and trade assets

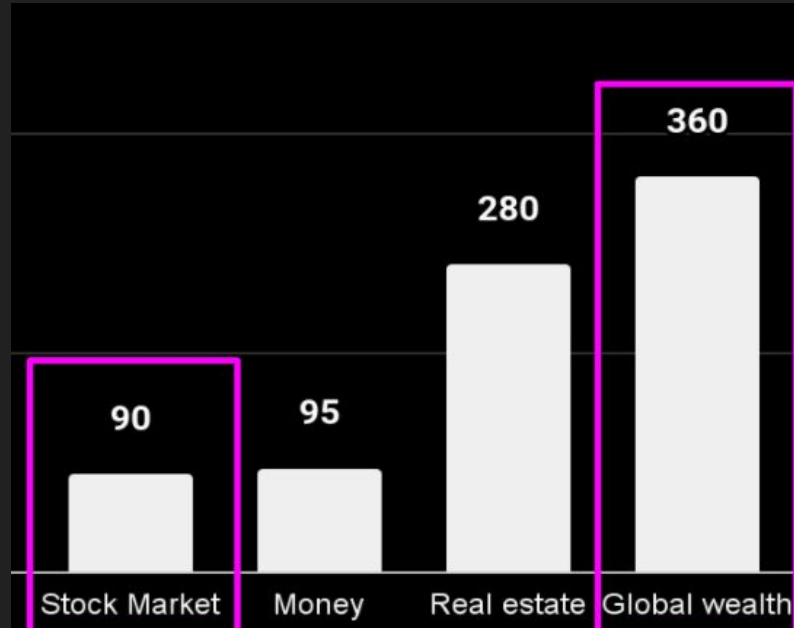
And they are **not tokenized stocks*

Current limitations of security tokens

- Most of the exchanges offering security tokens have been directing their efforts at becoming compliant
- User friendliness is low
- Most exchanges still use trading hours

The Market

- **Market capitalization:** \$1B (nearly doubled since March 2021)
- **Catalyst:** Favorable regulation in the US and Europe



Useful Links

- <https://stomarket.com/>
- <https://newsletter.stomarket.com/>
- <https://info.polymath.network/blog/tokenization-step-1-ecosystem-assembly>
- <https://www.theblockcrypto.com/>
- <https://cointelegraph.com/>
- Reddit