

NOVEMBER 2019

SECURITY TOKEN OFFERINGS

MARKET REPORT 2019 Q4

A QUICK OVERVIEW OF THE DEVELOPMENTS
OF STOS THROUGHOUT 2019



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Security Token Offerings The Next Big Thing?

What's real?

Security Token Offerings, Tokenization and Decentralized Finance - many terms surround the same idea of digitizing financial assets. With the important aspect of using Blockchain technologies for that. In order to change our financial world to a more efficient, less dependent and more open one.

Security Token Offerings specifically enable startups and companies to choose an alternative path to classical capital raising methods like Initial Public Offerings on a stock exchange. They simplify the process of giving out financial products and safekeeping them.

This report gives a short overview about the market developments in 2019, answering the questions:

- Are Security Token Offerings already usable?**
- How big is the market?**
- Who is investigating into STOs so far?**
- Shall I personally have a look at STOs?**

Executive Summary: Security Token Offerings



Which industries are STOs disrupting?

STOs are all about disrupting the process of issuing assets, based on a Blockchain. They radically change the process and **remove many stakeholders** that were e.g. involved in Initial Public Offerings - for example: banks, Custodians, Clearing institutions and CSDs. They also disrupt **notary contracts** since the assets are now managed on a Blockchain platform instead of, for example, having the company shares distributed by a notary contract.

How established are Security Token Offerings?

What a new technology needs most is **Trust**. Since STOs are made for financial endeavours, **Regulation** and **Compliance** are highly relevant. At the same time, the trust within the market - both from the side of startups, as well as from investors - has to be developed to have a working ecosystem.

Regulation

Many jurisdictions are moving forward and actively encompass tokenised assets. Liechtenstein as a European country has many endeavors to become a favorable jurisdiction for STOs. At the same time, Germany allowed three STOs to perform their tokenized offering. Many other countries are seeing the potential in STOs to make assets more liquid, fractional and transparent.

Compliance

Being compliant with the laws is more complicated with a tokenized offerings than with a classical one since the knowledge about tokenized assets is very distributed. However, many legal firms and experts are focussing on STO projects.

Trust

Although there is no relation between STOs and cryptocurrencies, both topics are often referenced to each other. Consequently, some negative perceptions about cryptocurrencies are portrayed on to STOs. The increased recognition from governments and the already executed STOs have drastically increased the trust into tokenized offerings.

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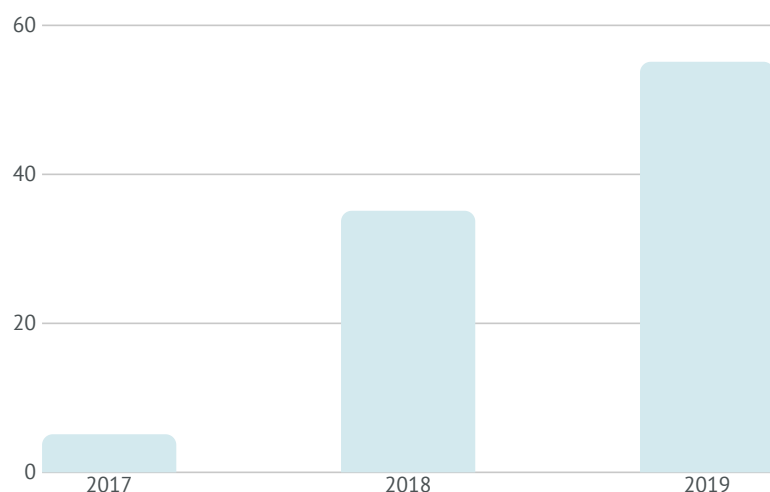
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MONEY RAISED WITH STOS

\$266,380,427.00 were raised through STOs so far.

NUMBER OF STOS PER YEAR

The number of STOs is significantly increasing.



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SUCCESS RATE OF STOS

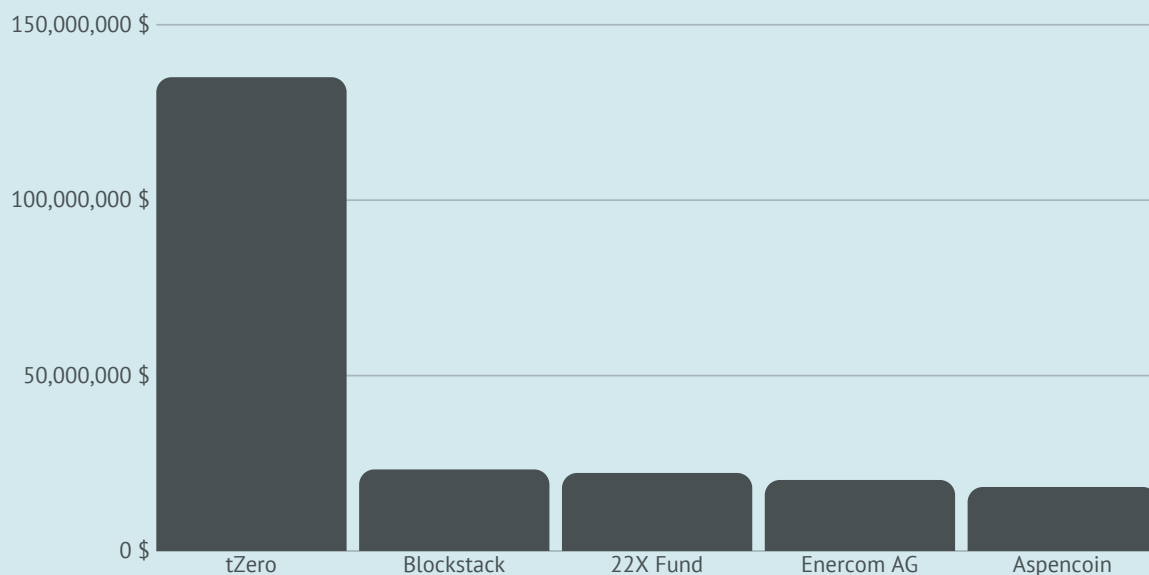
The majority of STOs is successful, however more than two thirds are considered as failed.



<https://stocheck.com/market-report> 11/07/2019

TOP STO PROJECTS

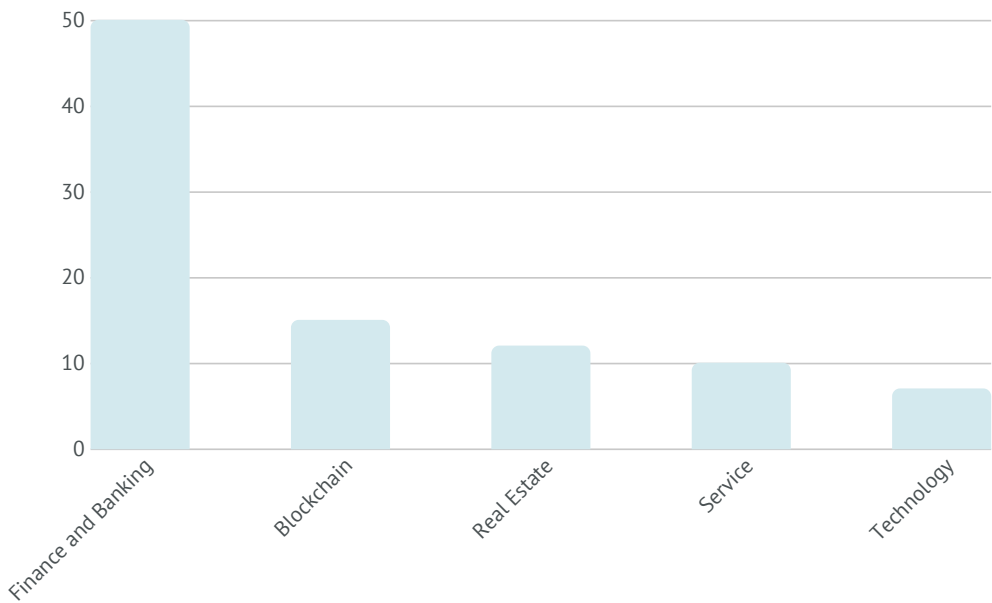
The top 5 STO projects based on the amount raised.



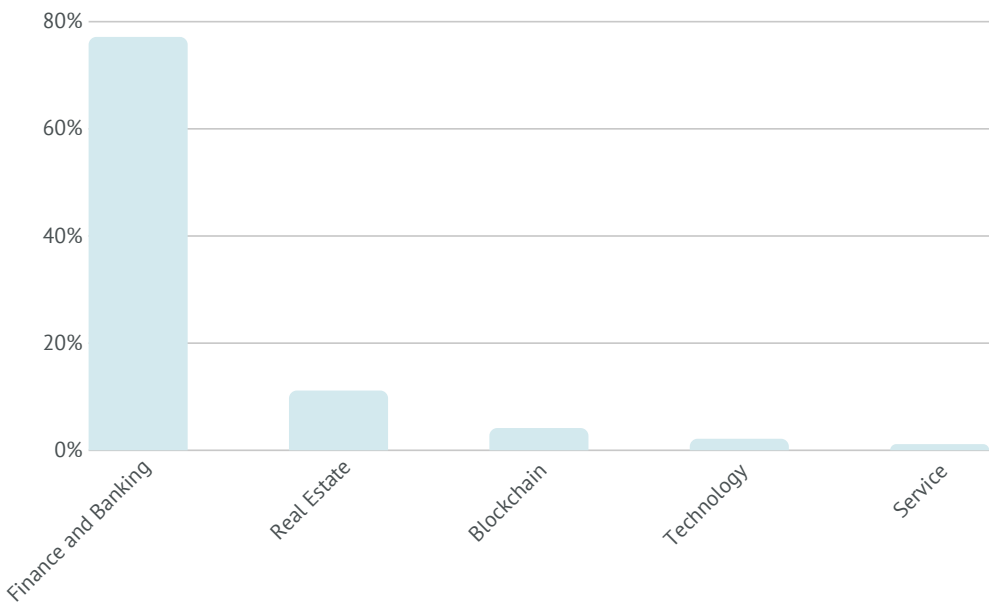
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LARGEST INDUSTRIES

Top 5 industries with the most STOs. Financial Services are dominating the field.



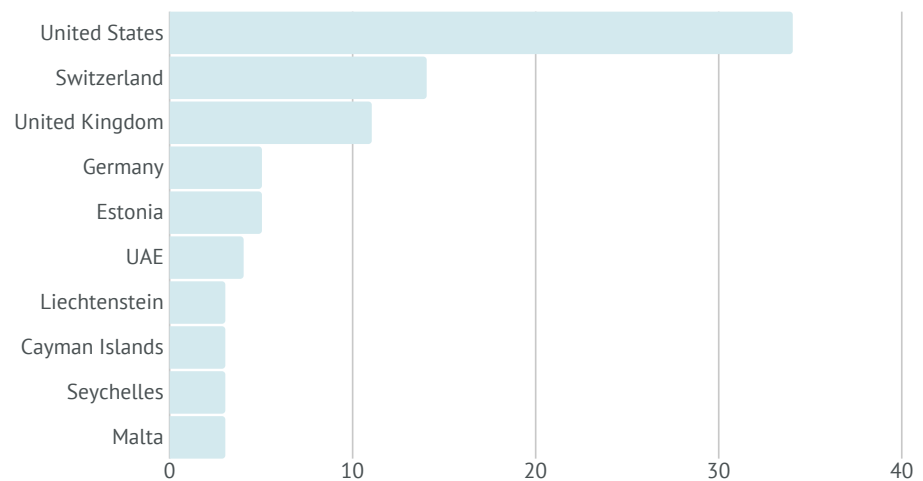
Distribution of funds in the different industries.



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NUMBER OF STOS PER COUNTRY

10 of the countries with most STOs worldwide.

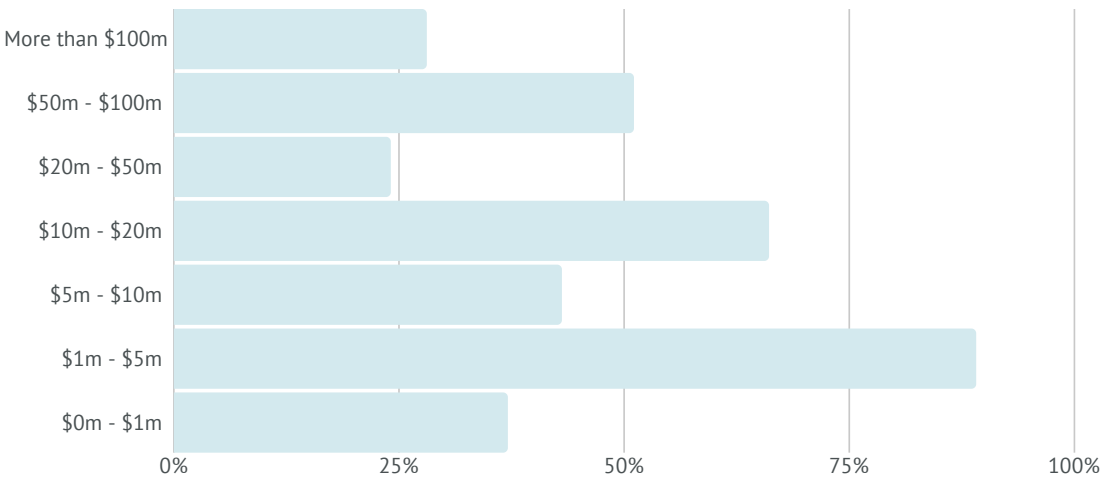


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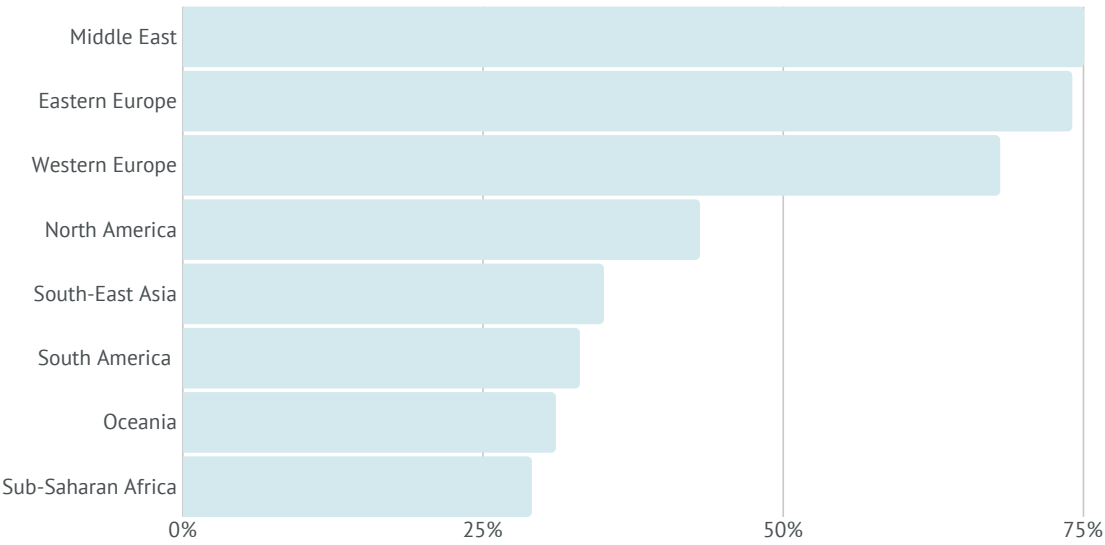


TARGET VS. ACTUAL RESULTS

Percentage of target funding raised by size of target funding. **Small STOs seem to be more successful.**



Percentage of target funding raised by region. **STOs in the Middle East get closest to their goal on average.**

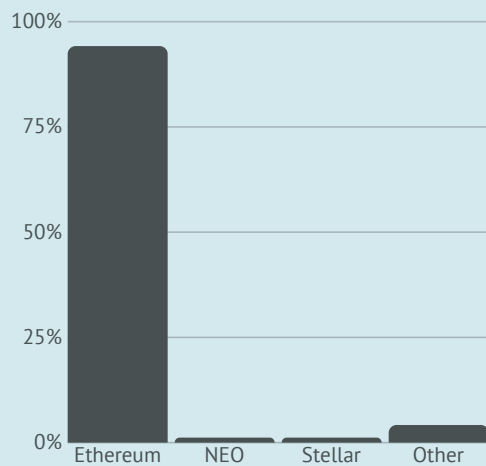


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TECHNICAL DATA

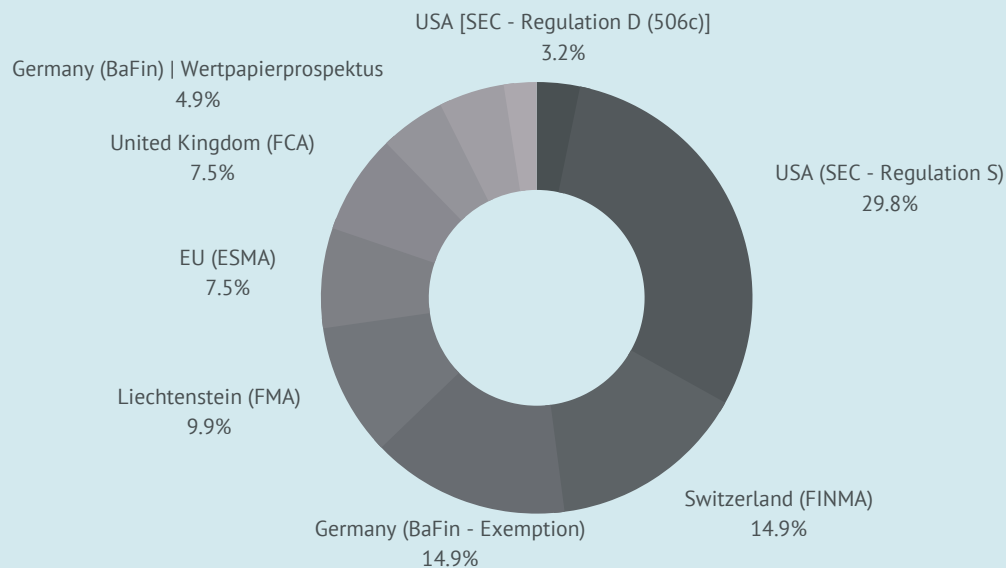
PROTOCOLS USED FOR STOS

Ethereum is the most used blockchain protocol.



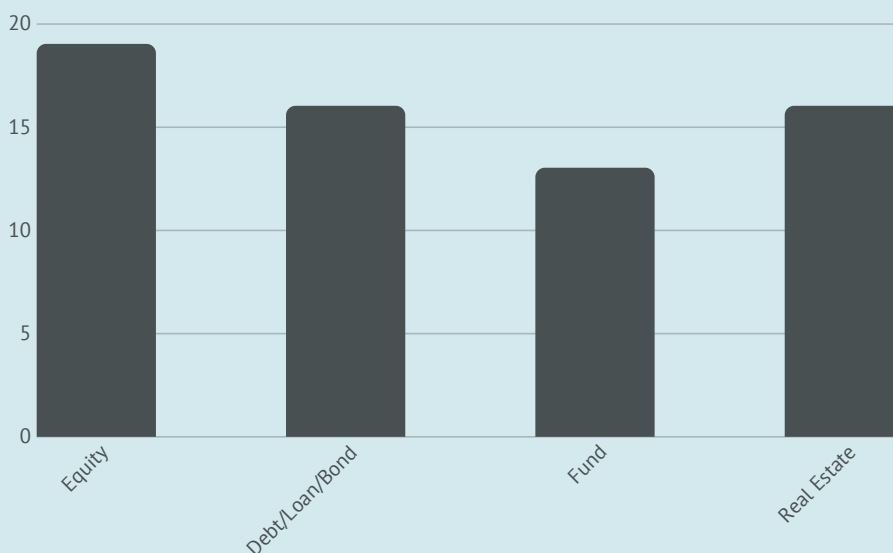
<https://blockstate.com/global-sto-study-en/>

JURISDICTIONS FOR STOS



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TYPES OF ASSETS



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TAKEAWAYS AND OUTLOOK

TAKEAWAYS FROM 2019

- 1. REGULATORS ARE ENCOMPASSING STOS**
- 2. SMALLER STOS WERE MORE SUCCESSFUL.**
- 3. THE TRUST IS INCREASING**

OUTLOOK FOR 2020

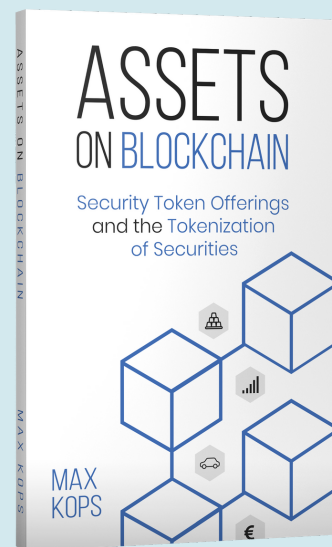
- 1. STOS WILL BE A SERIOUS DISRUPTION OF THE FINANCIAL INDUSTRY (E.G. IPOs) AND NOTARIES AS WELL OF LEGAL WORK.**
- 2. STANDARDIZATION WILL EVOLVE.**
- 3. FINANCIAL COMPANIES CAN CHANGE THEIR BUSINESS MODEL TO A TECHNOLOGY PROVIDER.**

THANK YOU FOR BEING PART OF CHANGING THE FINANCIAL SYSTEM FOR GOOD.

Want more?

Check out **maxkops.com** for regular updates on STOs or become a part of my circle on **maxkops.com/newsletter** to receive independent and well-researched information. If you want to conduct an STO, you can apply for my acceleration program. I don't represent a legal firm, Consultancy or institution on my blog. That is the only way to stay honest and independent.

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