



Responsible Blockchain Report
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Weekly Briefing

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FinTech4Good aims to provide business leaders with the most up to date blockchain business insights through our Weekly Briefing. We will feature some of the most exciting projects and influencers in the space.

——Xiaochen Zhang
President of FinTech4Good

Responsible Blockchain Reports

Responsible Blockchain Reports are a series of reports prepared by the FinTech4Good Group. We define market trends, identify blockchain stars, interview industrial leaders and provide in depth insights on emerging topics in the blockchain industry.

Our Weekly Briefing, Monthly Report and Special Issues are prepared by FinTech4Good Fellows in collaboration with some of the world most influential scholars.

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STO WATCH

STO Exchange



In partnership with Nasdaq, DX.Exchange, an Estonia-based token exchange, will start providing tokenized stocks of publically traded companies on Jan 7, 2019.

❖ Summary

- DX. Exchange works with MPS Marketplace Securities, which will purchase the real-world stocks on behalf of the customers, and generate ERC-20 tokens that represent the shares traded on conventional stock exchanges.
- Customers are able to purchase the tokens with selected cryptocurrencies and fiat money.
- MPS plans to purchase shares in AlphaBet, Apple, Amazon.com, Facebook, Microsoft Corporation, Tesla, Netflix, Baidu, Intel Corporation and Nvidia.
- MPS falls under the supervision of the Cyprus Securities and Exchange Commission, while DX.Exchange complies with European Union regulations.

❖ Analysis

Despite the compliant nature of the transactions and easier access to digital securities for non-U.S. customers, it remains unclear whether this mechanism would expose DX. Exchange and MPS to cryptocurrency market risks as the shares are purchased and stored by MPS.

STO WATCH

STO Model

SEFtoken

SEFtoken, a Delaware-based company that specializes in licensed exchange infrastructure for tokenized securities, plans to launch a digital (covered) warrant offering on the Securitize Platform.

❖ Summary

- A covered warrant is a security that offers the right, but not obligation, to buy or sell an asset at a specified price on or before a specified date, which is issued by a third-party company.
- This digital warrant offering is exempt from registration under regulations D and S, which allows it to sell to accredited investors in the United States and investors outside the U.S.
- The digital warrant will be convertible into equity in Mercari, a licensed exchange in Australia. SEFtoken plans to raise between \$31 million and \$125 million in total.

❖ Analysis

According to the current Australian legislation, shares cannot be issued in a digital form. The creation of this new financial instrument on Etheruem, however, would enable compliance in jurisdictions that currently do not allow security token offerings.

STO WATCH

STO Tech



Ethereum Releases a Library of Interoperable Security Token Standards

❖ Summary:

- Recently Ether unveiled a suite of Security Token standards under ERC-1400. The goal of the Tokens under ERC-1400 will work to provide different entities with a wide range of asset building standards. This suite was created in order to motivate the issuance of security tokens on the Ethereum platform.
- ERC 1410 will serve partitioning balances. The blockchain provides transparency for cryptocurrencies, and according to how many tokens you hold, you will be partitioned into a specific category.
- Next up is the ERC-1644 token. A controller operation will give someone who is vetted to perform a transaction between address forcefully. This is mainly needed for court orders, fraudulent activities or lost private keys.
- The ERC 1643 will provide a smooth documentation program. This feature will allow verified personnel to attach documents that have been notarized to the tokenized securities.

❖ Analysis:

New players are entering the security token ecosystem every single day. Ethereum continues to consolidate its dominant place in STO protocol market.



About Us

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FinTech4Good (FT4G) is a global network which connects start-ups, investors, industry leaders and public sectors to introduce impactful fintech and blockchain solutions to frontier markets through incubation, acceleration and investment.