



STOBX INC.

**SECURITY TOKEN OFFERING INVESTMENT PROSPECTUS
DELAWARE, USA**

www.stoboxplatform.com
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ABSTRACT

STOBox is a turn-key service provider for issuing digital assets or security tokens. STOBox Platform is a private blockchain ecosystem for issuing, managing and trading of security tokens backed by real assets of issuers. With the growth of market's appetite for digital assets, there can be seen an uprising demand for the tokenization of real sector. Despite the process of tokenization remains to be complex, legally unclear in many jurisdictions and not very familiar in a non-professional environment, the STOBox finds this space highly promising. STOBox provides a full range of services in respect of Security Token Offering or Digital Securities Offering delivering complete tokenization services to its business customers. The STOBox's services are centered around the STOBox Platform, which mission is to be a global leading private blockchain platform for

issuing, managing and trading (OTC or [ATS](#)) of tokenized assets.

Observing the development of distributed ledger technology and overseeing the opportunities that technologies bring to our world, we are convinced that the topic of asset tokenization is a logical form of evolution in the financial sector. Obvious interest from all market participants form a strong demand for digital assets as well as the demand for expertise in this area accordingly. The vision of STOBox is to accumulate expertise and promote the development and popularization of digital assets. STOBox launches its technical framework or STOBox Platform, which enables issuing, managing and trading of digital assets or Security Tokens.

STOBox Platform leverages existing technical framework and blockchain core by Stellar™ and Distributed Lab™, therefore no early stage development and large investments into the product are required. The company is focused on revenue generation from the STO projects since the official launch of the company.

In this document you will find comprehensive information about the activities of the STOBox, the features of the STOBox Platform, the principles and basics of tokenization, the use of the blockchain in fintech, as well the information about the emerging markets of digital assets.

This document is written to be maximum accessible by the average reader, but in case there is a need for additional clarification - please write to info@stoboxplatform.com.

OUR VISION

The technological development of recent years and the emergence of blockchains have greatly changed the vision of the already rather stagnant global finance industry. Inefficiencies in the current banking and investment paradigm, lack of proper transparency, and large inefficiencies open up the possibility of distraction from financial and technological companies.

On the one hand, technological pressure and the process of globalization blurs local boundaries and opens up opportunities for free relocation of investment capital. On the other hand, the growing demand from non-professional investors for investing in high-quality assets presented by international projects with a transparent reputation and

declared business indicators. This creates a solid foundation for the emergence of digital assets.

Recent wave of Initial Coin Offerings (ICO) in 2017-2018 has demonstrated the willingness of international investors to go after digital assets, but the current legislation gaps and lack of transparency makes such investments extremely risky. The Security Token Offerings or Digital Securities Offerings cover these risks and provide opportunities to investors to safely invest in Digital Assets, since they are built on an updated legal framework. We believe unregulated ICOs were market test for digital assets, the main digital transformation will take place exclusively in the legal and all controlled field.

As part of the global transformation ecosystem, STOBox believes in the following transformations:

- **Tokenization**

Tokenization is a process of transformation of asset accounting and management in which ownership of each asset is represented as a digital token. The essence of tokenization is to create digital accounting systems for real-world values in order to record and process transactions reliably.

Tokenization implies creation of a comprehensive expandable infrastructure, where assets are exchanged and transferred securely, and audit is performed in real time; operating costs of such a system and the overall time to market are significantly reduced.

Tokenization transforms asset management: a request execution model is changed to a model of direct asset management using cryptographic mechanisms.

- **Borderless capital movements**

Security Token Offerings provides just a greater group of people ability to invest in Digital Securities. Depending on the regulations in the jurisdictions, globally, anyone can participate in any STO. They'll have to go through an identity and verification process, but now you could have someone in Australia, who's interested in a Digital Securities from South America, and participate

that way. So, it allows people worldwide to participate in offerings worldwide, which right now is a far more difficult.

- **Security tokens are liquid**

Traditional investment is often termed 'illiquid' due to the difficulty faced trying to find a buyer for an asset. An example of this would be having to find a buyer for a house that you previously invested in — you would struggle to liquidate this instantly.

The promise of global liquidity is perhaps the security tokens most valuable trait. Security Tokens have the ability to represent fractional ownership of an asset and to be traded on global security token marketplaces and exchanges – two things that are virtually impossible for traditional securities.

Traditionally illiquid assets like real estate or fine-art can become liquid for stakeholders by issuing asset-backed security tokens that represent a stake in the underlying assets. And because the tokens can be listed on global markets, the security can be made available to global investors that are eligible to buy, sell, and trade the security in a compliant way.

Since the token is divisible, you can easily put, whatever percentage of what you own, to trade in a Decentralized Exchange (Secondary Market). This opportunity solves the Undervaluation and liquidity pain-point. And it's definitely better than having an intermediary take 20% of the profit because he found a buyer.

- **Digital assets are more accessible to small-size investors**

Security tokens open up fractionalised investments to everyday investors. Investments in giants such as Facebook or Google at their IPO stage has been largely impossible for someone with only the resources, or who only wants, to invest a small amount. With fully-divisible security tokens able to be traded almost peer-to-peer, this barrier to entry will be drastically lowered. Personalised portfolios with a large range of different investments will become available to individuals that were only previously available to investment funds.

- **Global legal framework**

As security tokens are investment contracts that are being sold with the anticipation of future returns for its holds they are covered by securities laws. Securities laws vary from country to country.

- In the US, a security token offering falls under Federal Securities Law and would likely make use of one of the following regulations: Regulation D, Regulation A+ or Regulation S.
- Similarly to the US, Europe has taken the approach that if a newly issued digital token has the features of a securities offering, then the token sale will fall under the EU's pan-European securities laws as laid out in the prospectus directive and the prospectus regulation. Security token issuers need to draft a prospectus and receive approval for their prospectus by the country's financial regulator in which they are operating.

- According to the Swiss financial regulator, FINMA, digital tokens that promise a claim on a company's assets, future income or future cash flows will be classified as securities under Swiss law. This includes tokens that represent a share in a company, a bond or another type of non-derivative financial security.
- While token sales are currently banned in China and South Korea, most financial regulators in Asia have taken a similar stance towards security token issuance as their counterparts in the US and Europe.
- In Singapore, security token offerings fall under local securities laws as set out by the Securities and Futures Act (SFA) and would be subject to applicable rules and regulations. The same goes for Hong Kong.

While the legal situation for security tokens is reasonably clear in the main jurisdiction we expect the emergence of global legislation - the same for all countries.

There are tangible benefits in the implementation of the STOBox Platform as the platform has the following objectives:

- **Provide the full service for tokenization or STO for regular business customers.**

STO can be applied to almost any legal business. STOBox accompanies clients in developing the concept of the STO, preparing documents and issuing tokens.

- **Enable investments in digital assets.**

The securitization of non-liquid assets – venture capital funds, real estate, precious metals, currency, art, sports teams – is likely to reshape how investors value their assets and how they think about them going forward. This is possible due to the fact that not only will new assets be able to be created using this method, but traditional financial instruments will also have the ability to be tokenized. With tokenization, markets will be able to operate 24/7 and with a uniform standard allowing assets to be traded around the world with very little friction.

- **Provide an opportunity to invest in promising international projects for KYC/AML registered qualified and non-qualified investors.**

STOBox Platform allows investors to register, pass KYC and invest in digital assets represented on the platform.

- **Increase liquidity through asset tokenization**

More liquidity in the market. Unlike traditional stock exchanges that have specific trading hours, you are able to trade security tokens 24/7. Apart from creating a more global market (there are no restrictions pertaining to the time zone), it also brings more liquidity to the market given that there are many buyers and sellers of different ranks.

- **Lower geographic barriers for venue fundraising and development**

The way STOBox sees it, any Asset Owner should be able to market their deal to anyone with an internet connection, within Regulatory Limits and proper Due Diligence of the underlying project. It is are neither a software business nor the service business, it is the Empowerment business. This is “4.0” Crowdfunding!

- **Reduce the transaction costs of buying / selling corporate assets**

Entrepreneurs who are able to conduct STOs, and not have to spend a fortune required for an IPO, will enable more startups to enter the market. They will have the freedom to conduct a regulated and stable offering, in compliance with the law, while giving their investors a safer vehicle to put their money into. Tokenized securities also hold their value based on the associated company, and fraudulent practices are minimized due to compliance with governing bodies.

In fact, due to the costs of an IPO and the ongoing costs of being a public company, the number of IPOs has been drastically declining since the days of the dot-com bubble. Most of the IPOs happening since the early 2000s have been massive tech companies, with a noticeable absence of smaller companies. The Security Token Offering on the other hand allows companies to launch their offering at almost any stage of the company lifecycle. Both established companies and even those still in their seed funding stage can utilize this method. While the compliance and preparation necessary to conduct an STO certainly won't be cheap, it will almost definitely be cheaper than the costs associated with an IPO.

In case of buying - there's no need to interoperate with banks because it just happens automatically, and programmatically, on the blockchain, which will allow those types of payments to happen much more efficiently, and at a much lower cost, and take out a number of middlemen.

- **Provide a full legal framework for work in major international financial centers**

STOBox is very serious about issuing a security token, so we ensure that we meet all regulatory requirements. Despite legal framework for security tokens and STO may change in the near future, STOBox legal department provides full support and protection for the clients. We also cooperate with leading legal providers in major international jurisdictions (USA, EU, Asia), providing the best service to our clients.

- **Attract non-blockchain projects to a crypto economy**

Security tokens are essentially digitized traditional securities. For example, a security token would simply replace your paper stock certificate with a digital version. So, STO and tokenization it's not always about startups and “blockchain-only” - it attracts traditional businesses to a global economy with trading on global marketplaces.

CONCEPT OF TOKENIZATION

- **What is a token?**

A token is an accounting unit used to represent a user's balance in a digital accounting system; it enables proving ownership of a corresponding asset.

- **Benefits for businesses and users**

Tokenization modifies the vary mechanisms of asset management: instead of making a request to system operators, a user manages their belonging assets directly through their own digital signature.

The difference of management methods is similar to that between traditional payment systems and Bitcoin. To transfer money through a bank payment, a user gets authorized in a bank and places an order to perform the desired operation, which will be processed by bank employees. To transfer a cryptocurrency, a money owner authenticates a transaction directly, using their own digital signature, which is enough for network participants to accept it. The idea of tokenization is to apply such an approach to the management of all digitized assets and thus improve the security of transactions, reduce expenses and response time of the system.

- **What does a token provide to its owner?**

The token owner is provided with a legally relevant ownership of the corresponding asset and is also able to quickly and reliably transfer this right to other users, without having to transfer the asset itself. Owners of a token are assumed to recognize the legitimacy and uniqueness of the registry where the record of tokens is maintained; they should also trust the custodian of physical assets (in case a token is backed by any).

- **How can a token be backed by a physical asset?**

Tokenization of physical assets is to ensure the attachment of digital tokens to a certain physical asset. For example, it is possible to tokenize the property rights of entire office center, where, due to the possibility of fractional ownership, one token can be equated to one square meter of an office space. Therefore renting business will transform because there would be a particular number of leaseholders (i.e. companies utilizing the facility for their office) and dozens, hundreds, or thousands of lease providers - regular people who fractionally own an office space and earn their monthly rent profit out of the tokens they have invested in (it can even be 1 square meter). The guarantor of token conversion to the real provision is the office center owner. In such case, an external auditor confirms updates of an accounting system in real time, while an extra auditor verifies the correct interaction of a token and shares of the office center.

- **How are tokenization and blockchain technology related?**

A digital accounting of value prompts a number of risks. It is important to have a system where issuance, storing and transferring of value is performed with a sufficient level of reliability, efficiency, and transparency for all participants. For this reason, blockchain technology is well suited; security of data is guaranteed by cryptography, while any attempts to violate the accounting rules are particularly apparent to an auditor.

PRODUCT DESCRIPTION

STOBox is a turn-key Security Token Offering and Digital Assets service provider. The company's activities can be logically divided into 2 areas: assistance in carrying out the STO and issuing digital assets on its proprietary platform STOBox Platform.

The services for assisting in carrying out the STO includes a set of stages:

1. Audit & Report

The first step is to understand how potential issuer is looking to leverage a Security Token and review current business model. STOBox team audits potential issuers and advices on changes to be made in order to maximize the expectations from STO.

2. Legal framework & Incorporation

In order to comply with legal international STO requirements the issuer must correspond to a number of rules: legal and corporate. STOBox is not offering legal services of any kind. Any legal advice is made by qualified lawyers with profound experience in related fields.

3. Issuance and Security Token Distribution

Security Tokens are released on SCR-20 standard and distributed in accordance to smart contracts. STOBox technical team programs the token structure and smart contracts in order to fulfill the issuer's requirements.

4. STOBox Platform listings

Once the ST are emissioned the STOBox Platform lists tokens on its internal OTC Platform for KYC/AML compliant investors.

5. Marketing & Fundraising

Legally compliant Security Tokens can be offered to accredited and non-accredited investors in US, Asia and European regions. Platform offers internal marketing and promotes issuers on its platform. IMPORTANT. STOBox does not hold a brokerage licence and therefore does not charge any commissions for promoting listed projects.

6. Administration & Support

Once the business is tokenized it is essential to provide support and administration services. Support requires technical, legal and operational coverage.

ARCHITECTURE OVERVIEW

STOBox Platform is a white labeled platform by Distributed Lab Inc. that consolidates the experience gained by Distributed Lab in building the production-ready tokenization solutions.

It allows you to issue, transfer, and exchange your assets with high level of privacy, security, and auditability while following regulations of your jurisdiction. STOBox Platform is designed for enterprises who are willing to take advantage of tokenization or experiment with the blockchain technology without the need of maintaining the expensive team of blockchain experts and within the shortest time to market.

● Node

Node is a key component of the platform. It processes transactions, manages history, and provides an easy to use API to access the blockchain data. It consists of two modules:

- Core — a replicated state machine that maintains a local copy of cryptographic ledger and processes transactions against it in consensus with a set of peers. It implements the federated consensus protocol and is responsible for tokens accounting and roles management.

Horizon is the client-facing REST API server. It acts as an interface between the core and applications that want to access the network. It allows submitting transactions to the network, checking the status of accounts, and viewing transaction history.

● PSIM

PSIM (Payment Services Integration Module) is a set of modules that play the role of a bridge between STOBox Platform and cryptocurrencies' public blockchains, banks, payment gateways, exchanges. They reflect corresponding operations like deposit, withdrawal and exchange rate changes in another system.

● ESIM

ESIM (External System Integration Module) is a set of modules that interconnects STOBox Platform with various external systems. They are responsible for a wide range of functionalities: from transfer notifications to automatization of user identity verification.

● KYC Storage

KYC Storage is a GDPR compliant module which stores data collected during the KYC (know your customer) procedure. To access the data, a user or admin needs to provide the digital

signature, which is verified against the most rest state of the ledger. Such an approach provides a high level of security that can be further improved with full data encryption at rest and transit.

- **Key-server**

Key-server is a module which stores client-side-encrypted private keys of users and admins. This prevents a malicious actor from getting access to the accounts of the system even having a full access to the storage.

- **Web, iOS, Android wallets**

Web, iOS, Android wallets are client facing applications that provide a wide range of functionalities: from storage of encrypted private keys on the device, to token transfers, withdrawals, and trading. They interact with the core of the system directly through the Horizon module and signs all transactions and requests locally. Such an approach ensures that users' private keys are safe even in case of MITM (man in the middle) attacks.

STOBx Platform is provided with an internal OTC trading tool, which allows to trade tokens issued on the platform.

INDUSTRY OVERVIEW

The Digital Securities market is in the early stage of development and about to become a big hit. Blockchain technology has shown its usefulness and rapid growth of use cases, that can be a good fundament for Digital Securities.

During 2017 – 2018 years was born a new ecosystem of platforms, exchanges, and funds, all looking to capitalize on the trillion-dollar opportunity that is Digital Securities, i.e. Security Tokens.

The Digital Securities ecosystem is the combination of the several elements that together provide a whole spectrum of activity from the creating to the trading of a Digital Security. These elements include:

- **Token Issuance Platforms**

Issuance platforms range from open-source protocols for token issuance, requiring technical expertise, to more turn-key technical and advisory services. Issuance platforms enable issuers to tokenize and issue their assets, making them available for sale. These platforms offer tokenization features for a wide range of assets including real estate, debt, equity, and art.

Polymath

Polymath is a blockchain protocol that facilitates the issuance and distribution of legally compliant token-based securities. The protocol embeds financial security requirements into the design of new security tokens, streamlining the process of launching financial products on the blockchain seamlessly. The Polymath platform provides means to trade security tokens, authenticate investors, connect with legal delegates, and access a developers' marketplace. Poly, an ERC20 token, powers the system and acts as the underlying economic unit that facilitates authentication, legal, and developer services.

Harbor

Harbor is an open-source platform that enables traditional investment classes to migrate seamlessly onto the blockchain. Through a standardized process, Harbor streamlines regulatory steps to ensure that companies who migrate their assets comply with legal requirements. Through a Private Placement ICO, Harbor provides for a Reg D-compliant private sale, combined with a new token permissioning technology, the R-Token. The standard integrates requirements such as KYC/AML, tax rules, reporting information, and accreditation status into each new token formulated through the system.

Securitize

Securitize is a regulatory compliant cloud service solution for the tokenization of securities, enabling tokenization of funds, companies, or other entities. The company provides several services including establishing the legal and regulatory readiness of the issuers and their legal team, streamlining investor registration in compliance with KYC/AML accreditation or other legal requirements, customizing smart contracts to match issuers' unique needs and security token data throughout the lifetime of the security. Spun out of SPiCE VC, the platform has secured commitments from companies running ICOs in the aggregate of \$500 million, including offerings from CryptoOracle, Kairos.com, Lottery.com, and 22X Fund.

Swarm Fund

Swarm tokenizes real-world assets using the SRC20 protocol, a cryptographic standard for security tokens. Tokenized objects become "assets" that can be easily managed, governed and traded on the Swarm network. Swarm Invest,

launched in January 2018, allows tokenized assets to be offered as investment opportunities. Individuals can invest cryptocurrency such as SWM, BTC, and ETH (and soon, fiat) into real-world assets and receive SRC20 tokens in return, granting them ownership and governance rights, a legally enforceable right to any revenue the asset generates, and the ability to trade the tokens in a regulatory compliant manner. Areas of focus include real estate, renewables, agriculture, tech companies, crypto hedge funds, impact investments (development projects and post-disaster rebuilding), infrastructure, among others.

Securrency

Securrency offers a protected, scalable platform providing liquidity to previously illiquid assets. The company's platform consists of several products: (1) Securrency facilitates regulatory compliance and enables the trade or transfer of tokenized securities, (2) RegTex provides regulatory compliance services such as, KYC/AML reporting, validation of investor accreditation and eligibility, reporting, and tax submissions, (3) SmartContraX a blockchain smart contract development service, (4) InfinXchange provides standard interfaces for payments, exchanges, asset pricing, and other transactions.

Tokeny

Tokeny is aiming to bring liquidity to the best investment opportunities in the form of security tokens, and the platform is designed to support clients in all aspects of launching a security token. Included in this is the sale of the tokens, full management of the tokens while they are live, and all technicalities concerning smart contracts, tokens, and regulatory compliance so the projects can focus on their core business. The core focus of Tokeny is to bring institutional-grade solutions to the token security space. It has, for example, incorporated a bank-grade KYC procedure.

Templum

Templum Markets operates an alternative trading system (ATS) registered with the U.S. Securities and Exchange Commission (SEC) for the issuance and secondary market trading of security tokens. Templum Markets was formed by the combination of Liquid M Capital, a registered broker dealer, and Templum, a financial technology company, which partnered to address the demand for regulated initial coin offering and security token trading.

TrustToken

This platform became famous after issuance of TrueUSD stable coin. TrustToken also allows for the issuance and management of security tokens. The strategic move to launch a stable coin is insightful, to say the least, as it will allow for the conversion of tokenized securities into a stable asset without having to go through the traditional financial system. TrustToken plans to tokenize everything, from rental properties to patents, and has implemented many smart contract frameworks to support this grand ambition. All ownership rights are directed by smart contracts, guaranteed by legal-financial institutions.

Neufund

Neufund provides an end-to-end solution for asset tokenization and issuance. Its open-source set of protocols for enhanced ownership allows anyone to give real-world assets a representation on the Ethereum Blockchain in form of legally-binding security tokens. The first application of our company's tech and legal architecture are "Equity Tokens" which enable companies to conduct regulated offerings on Blockchain. Being at the legal and technical frontier Neufund advises governments on DLT regulation, supports open-source dev projects and educates financial communities around the world. Neufund's mission is to "Enable ownership for all" through making ownership more transparent, accessible and efficient.

STOKR

STOKR it's a crowd investment platform which is powered by Ethereum Blockchain to create independent access to new capital markets. Through the EU-compliant security token offerings (STOs), everyday investors can directly fund innovative start-ups and SMEs in return for a share of the venture's future profits. Company's focus is on supporting

projects committed to making a positive impact and creating a community of educated participants empowered to make better investment decisions.

Blackmoon

Blackmoon is a platform that promises to bring together the advantages of fiat and cryptocurrencies to maximize investor returns. Basically, the goal of Blackmoon Crypto is to tokenize investment funds. You can buy and sell investment funds as easily as you would buy and sell cryptocurrencies. The cryptocurrencies are still connected to the securities, but you avoid the high transfer costs of traditional exchange markets. Blackmoon Crypto was created by a company called the Blackmoon Financial Group, which was founded in 2014.

Ledgity

Ledgity is a digital mobile application that utilizes the blockchain technology focus on security tokens. The platform aims at bridging the gap between the on-chain and off-chain worlds. All users have the privilege of access to a technology that will meet their full needs. The technology fully obeys the applicable laws and regulations around security tokenization. The platform further seeks to make the world so simple that exchanging assets and transferring value will be as simple as sending a text message. Carrying out these transactions will just be a screen-touch or button-press away.

● **Exchanges**

Trading platforms enable traders to buy and sell security tokens. These platforms can service both primary and secondary markets. Primary-market trading platforms can also offer issuance services, operating as hybrid issuance and trading platforms.

tZERO

tZERO, subsidiary of Overstock.com, focuses on the development of various blockchain supported solutions for the capital markets. The company's present offering consists of brokerage services, stock inventory management systems, smart order routing solutions through a network of more than 100 brokerages, a 24-hour trading platform, as well as other services. The company handles traditional equities but is planning on scaling its operations by integrating a token trading system for crypto securities. The company's token—tZERO, is an ERC20 security token, that pays 10% of adjusted gross revenues to token holders on a quarterly basis.

OpenFinance Network

OpenFinance Network (OFN) is an open-source platform specializing in secondary markets for alternative assets. The OFN team has been working together since 2014, offering trading, clearing and settlement services. Recently, the team has refocused their attention on blockchain solutions and has developed a compliant standard by which tokenized securities can be exchanged and eventually issued on the blockchain. Last Month, OFN enabled one of the first verified compliant security token transactions and is now accepting applications to list additional security tokens.

AmbiSafe/Orderbook

Orderbook is a decentralized exchange that automates the process of investor verification through a specialized token. The token, named RAP, ensures that ICO and other crypto related transactions are compliant by cross-referencing local jurisdictions requirement with its database of RAP token holders credentials. For example, If an investor who does not meet the proper regulatory requirements attempts to buy a token on the exchange, the system compares the investor's permission level against an internal database and prevents them from finishing the purchase.

Gibraltar Stock Exchange

The Gibraltar Stock Exchange (GSX) is a regular stock exchange in Gibraltar. However, they will be launching the Gibraltar Blockchain Exchange (GBX) in 2019, which will allow you to trade security tokens.

Malta Stock Exchange

Since Malta is coined the blockchain island, it's only natural for the Malta Stock Exchange to get in on the action as well. MSX has partnered with Neufund to launch their security token trading in 2019.

BankToTheFuture (BTF)

BTF is a security token investment platform open to professional traders only. You need to earn over \$200,000 per year to join BTF. You'll also be asked to invest a minimum of \$1,000 when you join.

Australian Securities Exchange

The Australian Securities Exchange (ASX) has, much like GSX mentioned earlier, decided it wants a piece of the security token pie. Their platform will however not be available until 2021.

SIX Swiss Exchange

SIX Swiss Exchange is the most prominent stock exchange in Switzerland. They have announced this year that they are working on launching SIX Digital Exchange (SDX), which will deal in security token trading.

London Stock Exchange

The London Stock Exchange will be joining the security token club in 2019. The exchange is collaborating with the Financial Conduct Authority (FCA) as well as two fintech companies: 20|30 and Nivaru.

● **Broker-dealers**

Broker-dealers are buyers, sellers, and distributors of security tokens. As dealers, they initiate transactions on behalf of brokerage firms. As brokers, they buy and sell securities on behalf of their clients. Broker-dealers, essentially, help provide liquidity to the market for a security token.

● **Asset Custody**

Custody & Trust providers help hold tokenized assets — on behalf of clients — to protect them against theft or loss. These providers offer their services to multiple players in the security-token ecosystem, including investors, broker-dealers, and trading platforms.

- **Legal Firms**

Legal firms work with security token issuers to stay compliant with securities laws. The core regulations for U.S. - based security token offerings date back as far as the Securities Act of 1933. The big three: Regulation D, Regulation S, and Regulation A+ — a product of the 2015 JOBS Act. However, depending on the type of security token an issuer is offering, there are a variety of additional regulations that can apply.

- **Compliance**

Compliance providers offer services for security token issuers to stay consistent with current regulations. These include investor verification, know-your-customer rules, cap-table management, and fraud management.

COMPETITION TABLE

STOBox Platform

PLATFORM

DEVELOPMENT STATUS: IN PROGRES

MARKETPLACE: YES
iOS, ANDROID WALLERS: YES
CAP TABLE MANAGEMENT: YES
CONSULTING SERVICES: YES
INVESTOR DASHBOARD: YES
USER MANAGEMENT ROLES: YES
STANDARD: PRIVATE CHAIN | SRC-20
RAISING: \$1,000,000

Securitize

ISSUER

DEVELOPMENT STATUS: RELEASED

MARKETPLACE: NO
iOS, ANDROID WALLERS: NO
CAP TABLE MANAGEMENT: NO
CONSULTING SERVICES: NO
INVESTOR DASHBOARD: YES
USER MANAGEMENT ROLES: NO
STANDARD: ST-20
RAISING: \$NA

Polymath

ISSUER

DEVELOPMENT STATUS: RELEASED

MARKETPLACE: NO
iOS, ANDROID WALLERS: NO
CAP TABLE MANAGEMENT: NO
CONSULTING SERVICES: NO
INVESTOR DASHBOARD: YES
USER MANAGEMENT ROLES: NO
STANDARD: ERC-1400
RAISING: \$59,000,000

Neufund

PLATFORM

DEVELOPMENT STATUS: RELEASED

MARKETPLACE: YES
iOS, ANDROID WALLERS: NO
CAP TABLE MANAGEMENT: NO
CONSULTING SERVICES: NO
INVESTOR DASHBOARD: YES
USER MANAGEMENT ROLES: NO
STANDARD: ERC-1400
RAISING: \$4,000,000

Harbor

ISSUER

DEVELOPMENT STATUS: IN PROGRESS

MARKETPLACE: NO
iOS, ANDROID WALLERS: NO
CAP TABLE MANAGEMENT: NO
CONSULTING SERVICES: NO
INVESTOR DASHBOARD: YES
USER MANAGEMENT ROLES: NO
STANDARD: ERC-20, ERC-1400
RAISING: \$28,000,000

Swarm

PLATFORM

DEVELOPMENT STATUS: RELEASED

MARKETPLACE: YES
iOS, ANDROID WALLERS: YES
CAP TABLE MANAGEMENT: YES
CONSULTING SERVICES: NO
INVESTOR DASHBOARD: YES
USER MANAGEMENT ROLES: YES
STANDARD: SRC-20
RAISING: \$5,500,000

MARKET

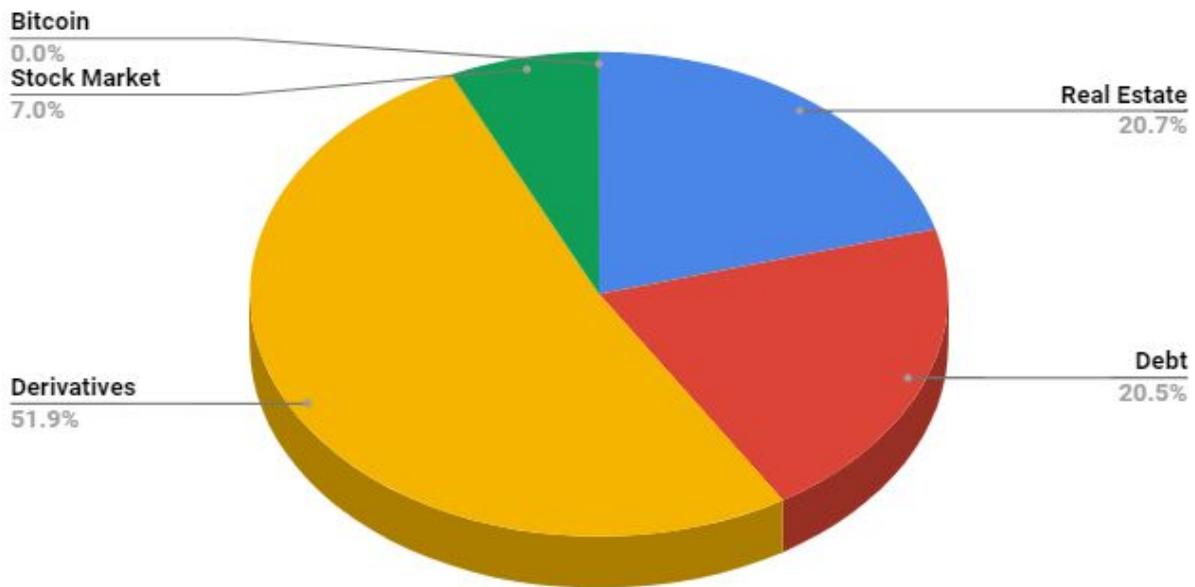
Tokenization opens up trillions of dollars in liquidity. Imagine if every investable asset was represented by security tokens, unrestricted by geography, computer systems, or bureaucracy. The global real estate market, one of the best use cases for security tokens, is worth \$217 trillion dollars alone, so the potential is huge.

Global Market of Securities

Size (Trillions)

Real Estate	Debt	Derivatives	Stock Market	Bitcoin
217	215	544	73	0.065

Source: <http://money.visualcapitalist.com/worlds-money-markets-one-visualization-2017>



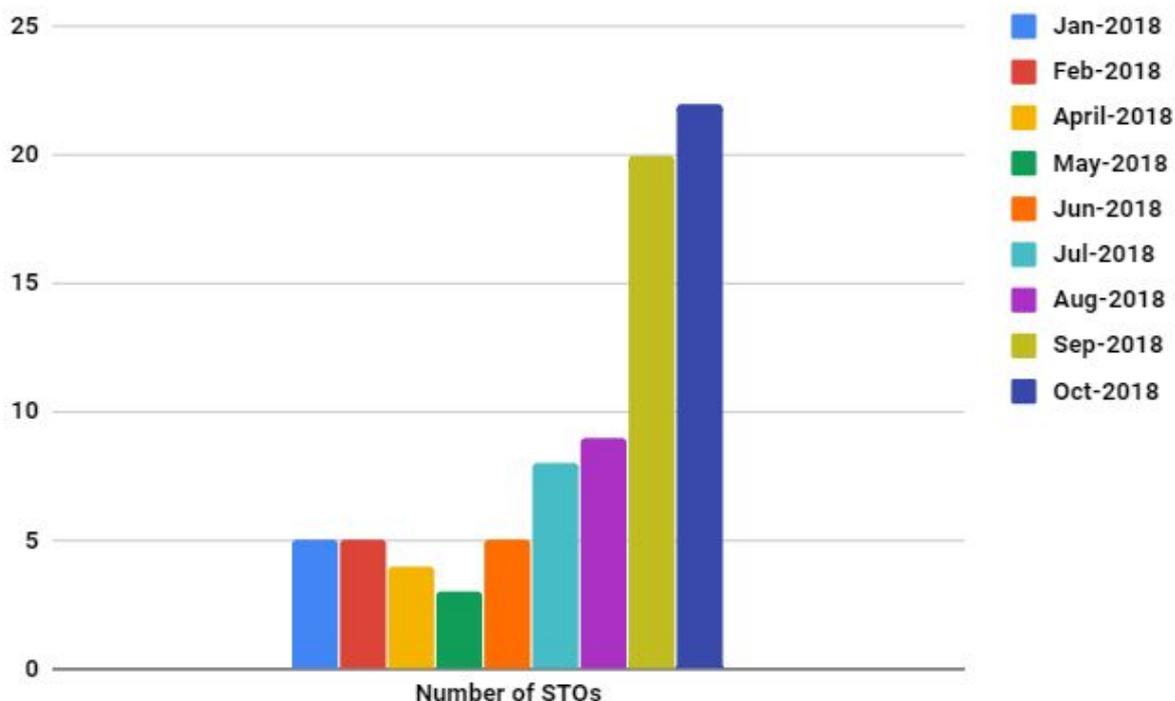
Global Stock Markets - the market capitalization of all of the world's stock markets is equal to \$73 trillion. Global Debt - it is total amount of debt, including that accumulated by governments, corporations, and households. Together, it adds to \$215 trillion, which is 325% of global GDP. Global Real Estate - the estimated value of all developed real estate in the world amounts to \$217 trillion. This covers residential property, offices, retail space, hotels, industrial land, agricultural land, as well as other commercial uses.

The Derivative Market - the low end estimate of the size and scope of global derivative markets is \$544 trillion on a notional contract basis. The high end estimate for the value of all derivative contracts is as high as \$1.2 quadrillion.

Private Companies VS Stock Market

	Private Companies	Stock Markets
Annual Raise	~ 2 trillion	250 billion
New Issuers	35 000 +	1 000+
Liquidity	Effectively zero liquidity	~ 6.3 billion trades a day

STO Global Dynamics



Source: <https://www.inwara.com/report/security-token-offerings>

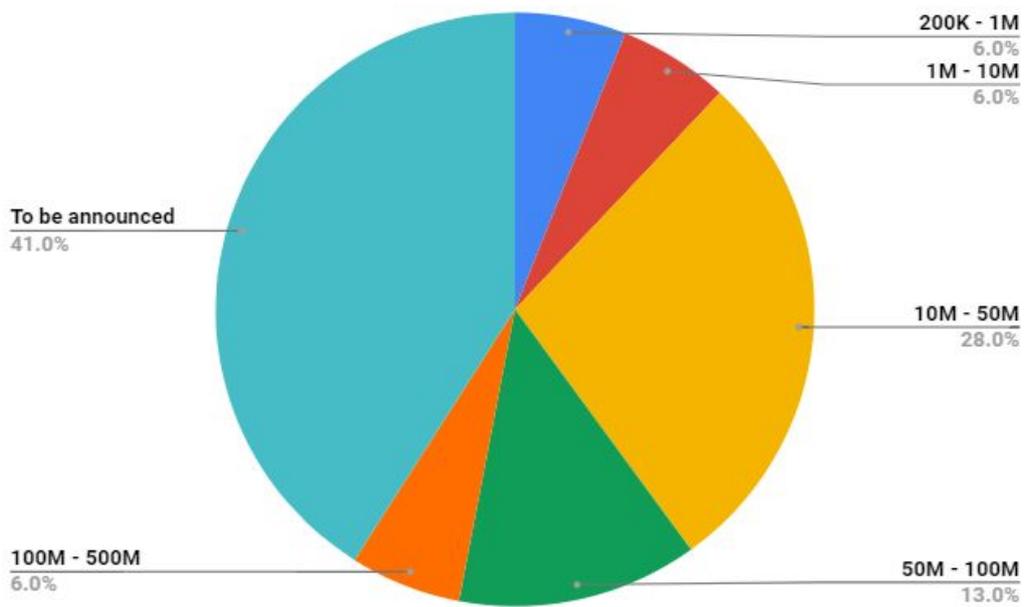
In 2017, initial coin offerings (ICOs) became the preferred method for funding new entrepreneurial ventures, outperforming venture capital funding. But it became apparent that ICOs have many important shortcomings and we are seeing startups turning to a better way of securing funding: security token offerings (STOs).

STOs are called “The next big trend in 2019” and we see it by constant growth of number of STOs.

STO fundraising size

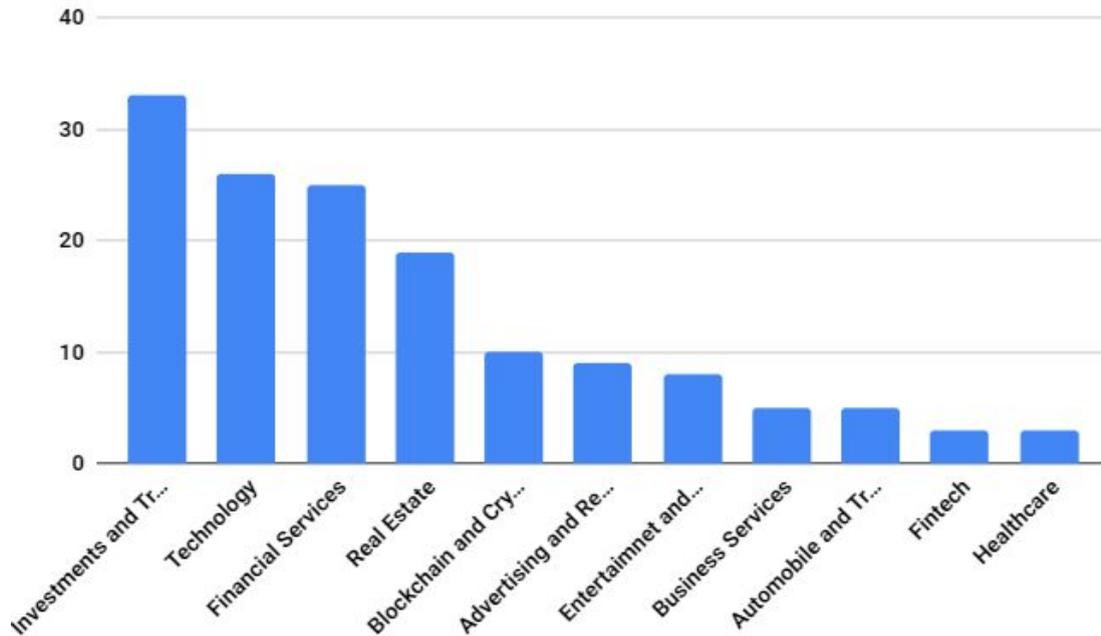
200K - 1M	1M - 10M	10M - 50M	50M - 100M	100M - 500M	To be announced
6%	6%	28%	13%	6%	41%

Source: <https://kepler.finance/digital-securities-market-research/>



According to the Kepler Finance database, 32 Digital Securities Offerings were announced as being listed on issuance platforms like Polymath, Neufund and others.

Security Token Offerings by industry share



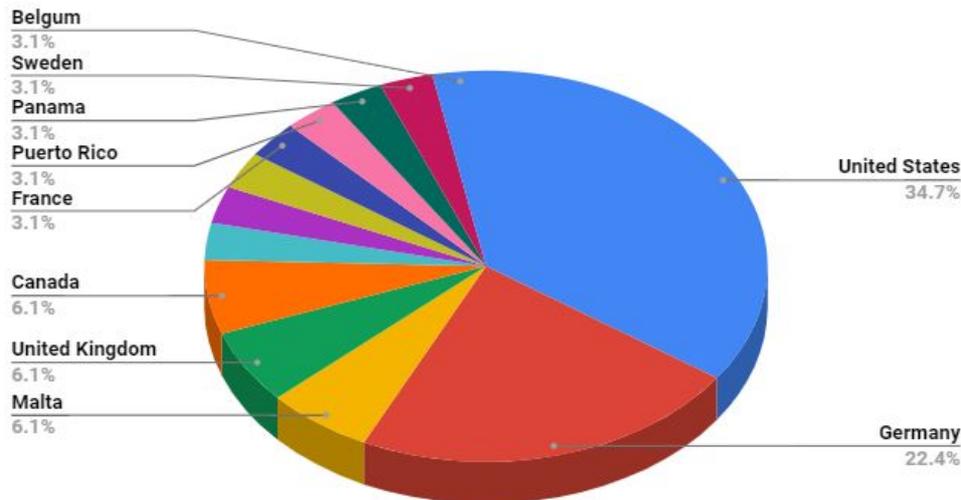
Source: <https://kepler.finance/digital-securities-market-research/>

Industry / Share

Fintech - 38%
 PropTech - 13%
 Asset Tokenizing - 13%
 Mobility Tech - 9%
 E-commerce - 6%
 Energy - 6%
 Energy Tech - 3%
 Health tech - 3%
 Intellectual property - 3%
 Art - 3%
 Retail - 3%

As we see the most popular industries for tokenization is **FinTech, PropTech and Asset Tokenizing**. It confirms the statement that fintech one of the most innovative area.

Geography of Security Token Offerings



Source: <https://kepler.finance/digital-securities-market-research/>

From the infographics above, we see that most of the issuers that announced upcoming deals are located in the United States, as the infrastructure there is pretty developed by now. Germany has a chance to become the Blockchain Hub in Europe as there are a lot of lobbying initiatives made by the key market players, which aims to democratize equity fundraising.

Conclusion

We're living in a golden era of entrepreneurship. There is more opportunity to build companies than ever before. But the financial systems designed to fund that innovation, venture capital, they haven't evolved in the past 20 to 30 years. Venture capital was designed to pour large sums of money into a small number of companies that can sell for over a billion dollars. It was not designed to sprinkle capital across many companies that have the potential to succeed but for less. That limits the number of ideas that get funded, the number of companies that are created and who can actually receive that funding to grow.

If we want to inspire innovation and empower more people to build companies of all sizes, we need a new way to fund those ideas. We need a more flexible system that doesn't squeeze entrepreneurs and investors into one rigid financial outcome. We need to democratize access to capital.

BUSINESS MODEL

STOBox Inc. employs a B2B model that provides compliance-based services in respect of Security Token Issuing, Tokenization Consulting Services, Platform On-board Services and Marketing Services,

STOBox Platform allows any business in search of capital to generate a Security Token and initiate a Security Token Offering. Through this process, the issuer will gain direct-to-investor access and the potential for global distribution. We will offer the STO packages to issuers for a fee, starting at \$10,000 USD.

There are 6+ revenue stream

STO Express Services

STOBox Platform provides fast and standardized product for small companies, startups etc. Using **STO Express** product for an initial fee of \$10,000, an issuer can generate Security Token - legal and fully-compliant.

STO Complete Services

When issuer-client looking for a more customized solution - **STO Complete** is available for an initial fee of \$25,000. Client will gain Security Tokens and access to our investors platform for fundraising.

Investors Relations and Management services

Already tokenized projects can get direct-to-investor access for average fee \$5 (per investor). All investors are KYC/AML compliant. Issuer can differentiate investors by qualified/unqualified, geography, preferences, average investment.

Administration and Cap Table Management services

Each issuer will require the capability of immediately accessing information about its capitalization and about its token holders, as well as the ability to promptly and accurately contact its token holders. STOBox will offer these services for an annual fee of \$5 per investor.

Affiliated Vendors (in future)

STOBox Platform intends to provide its client-issuers access to legal, marketing, and other services they may require to complete their capital formation process. These services will come from trusted partners who specialize in the blockchain and Security Token sector, with PrefLogic creating a marketplace for these vendors. PrefLogic would benefit from a marginal percentage of each service agreement.

On-platform services, Ad/Promotion services (in future)

The services we provide to client issuers through the STOBox Platform connected with access to a database of investors. We can offer some investment-related services, such as research reports, trading strategies, marketing, promotion and other services. Our revenue target for these value-adds will be defined later.

Trading and brokerage revenue (in future)

Additional licence required. STOBox Inc. plans to receive a broker license. Additional revenue comes from commissions from secondary trading of digital securities.

FINANCIAL PROJECTIONS

We are taking a conservative approach by running our Financial Project based on "lower revenue - higher costs" model. Our Revenue Streams consist of the following:

- **STO Issuing and Consulting Services**
- **Investors Relations and Management services**
- **Administration and Cap Table Management services**

Focus on KPI: Number of Issuers, Number of KYC Investors, Net Value of Digital Securities listed on the Platform.

	2019			
	Q1	Q2	Q3	Q4
CLIENTS	5	10	25	40
INVESTORS	1,000	2,500	5,000	10,000
REVENUE	\$80,000	\$175,000	\$500,000	\$1,000,000
- STO Issuing and Consulting Services	\$75,000	\$150,000	\$375,000	\$600,000
- Investors Relations and Management services	\$5,000	\$25,000	\$125,000	\$400,000
- Administration and Cap Table Management services	NA	NA	NA	NA
COGS	\$52,000	\$113,750	\$325,000	\$650,000
NET REVENUE	\$28,000	\$61,250	\$175,000	\$350,000
TOTAL EXPENSES	-\$125,000	-\$250,000	-\$350,000	-\$400,000
OPERATING INCOME	-\$97,000	-\$188,750	-\$175,000	-\$50,000

	2020			
	Q1	Q2	Q3	Q4
CLIENTS	60	85	120	150
INVESTORS	25,000	50,000	75,000	100,000
REVENUE	\$2,425,000	\$5,575,000	\$10,925,000	\$17,450,000
- STO Issuing and Consulting Services	\$900,000	\$1,275,000	\$1,800,000	\$2,250,000
- Investors Relations and Management services	\$1,500,000	\$4,250,000	\$9,000,000	\$15,000,000
- Administration and Cap Table Management services	\$25,000	\$50,000	\$125,000	\$200,000
COGS	\$1,576,250	\$3,623,750	\$7,101,250	\$11,342,500
NET REVENUE	\$848,750	\$1,951,250	\$3,823,750	\$6,107,500
TOTAL EXPENSES	-\$500,000	-\$500,000	-\$500,000	-\$500,000
OPERATING INCOME	\$348,750	\$1,451,250	\$3,323,750	\$5,607,500

SOURCES AND USE OF FUNDS

Funding: 900,000.00 USD

Pre-money valuation: 9,000,000 USD

Private Offering: 1,000,000 Common Stock

Price: \$0.90 per share/security token

The following funds are required to achieve our financial projections and to reach break-even point in 12- to 16-months upon receiving required capital funds:

Capital Expenses

Platform Design & Development

\$150K

Operational Expenses

Sales & Marketing

\$300K

General & Administrative

\$250K

Legal

\$150K

MANAGEMENT TEAM



Gene Deyev
Co-Founder & CEO

Serial entrepreneur. Investor. 25+ years in IT development and entrepreneurial experience. International background. Focus on technologies, stocks and crypto trading platforms, Web 3.0. Experience in several startups in automotive, financial and technological sectors.

[LinkedIn](#)



Ivan Bolonihin
Co-Founder & COO

Serial entrepreneur. 16 years of entrepreneurial experience. Launched and developed 14 different online and offline projects. 4 years of experience in IT project management. Core competencies: startup management, product development, building sales departments, startup management, operational management, project management, building dream teams.

[LinkedIn](#)



Viktor Syzonenko
Head of Legal

Expert in legal structuring & compliance in blockchain sector. Advisory on corporatization and legal structuring. Extensive knowledge of laws surrounding start-up businesses and mergers. During his career has had wide exposure to a broad range of legal matters. In his current role he provides the highest possible level of legal service to guards the company against any legal risks.



Eugene Paschenko
Marketing & Copywriting

Professional Blockchain author. 14+ years in Copywriting and 5 years in Marketing. Core competencies: analytics, marketing activities, storytelling, media collaboration. Experience in blockchain, automotive aftermarket and sport.



Alexey Shostak
Project Management

Experience in managing complex tasks and supervising and coordinating work of staff & external third parties. Also managing the product throughout the product life cycle, gathering and prioritizing product and customer requirements, defining the product vision, and working closely with clients to deliver best results.

DISCLAIMER

PLEASE READ THIS DISCLAIMER SECTION CAREFULLY.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX, OR OTHER PROFESSIONAL ADVISOR(S).

The information set forth in this Prospectus may not be exhaustive and does not imply any elements of a contractual relationship. The content of this Prospectus is not binding for STOBox ("Company") and is subject to change in line with the ongoing research and development of STOBox Platform ("Platform") and STOBox Protocol ("Protocol"), hereinafter together referred as "Project". This Prospectus does not constitute investment, legal, tax, regulatory, financial, accounting or other advice, and is not intended to provide the sole basis for any evaluation of a transaction on acquisition any kind of tokens, hereinafter referred to as "Tokens". Prior to acquiring the Tokens, a prospective purchaser should consult with his/her own legal, investment, tax, accounting, and other advisors to determine the potential benefits, burdens, and other consequences of such a transaction. Nothing in this Prospectus shall be deemed to constitute a prospectus of any sort or a solicitation for investment, nor does it in any way pertain to an offering or a solicitation of an offer to buy any securities in any jurisdiction. This document is not subject to, the laws or regulations of any jurisdiction which prohibit or in any manner restrict transactions in respect to, or with use of, digital tokens and/or securities. Certain statements, estimates and financial information contained in this Prospectus constitute forward-looking statements or information. Such forward-looking statements or information involve known and unknown risks and uncertainties which may cause actual events or results to differ materially from the estimates or the results implied or expressed in such forward- looking statements or information. Tokens are not being offered or distributed to, nor can be resold or otherwise alienated by their holders to, citizens of, natural and legal persons, partnerships, having their habitual residence or domicile, location or their seat of incorporation in a country or territory where transactions with digital tokens and/or securities are prohibited or in any manner restricted by applicable laws or regulations. If such a restricted person purchases Tokens, that person has done so on an unlawful, unauthorized and fraudulent basis, and in this regard shall bear any negative consequences. The Company doesn't carry on any regulated activity in the Republic of Korea, in the People's Republic of China or in other countries and territories where transactions in respect of, or with use of, digital tokens fall under the restrictive regulations or require from the Company to be registered or licensed with any applicable governmental authorities. Each purchaser of Tokens is reminded that this Prospectus has been presented to him/her on the basis that he/she is a person to whose attention the document may be lawfully presented in accordance with the laws of the purchaser's jurisdiction. It is the responsibility of each potential purchaser of Tokens to determine if the purchaser can legally purchase Tokens in the purchaser's jurisdiction, and whether the purchaser can then resell the Tokens to another purchaser in any given jurisdiction after the end of hold period.

This English-language Prospectus is the primary official source of information about the Project. The information contained herein may from time to time be translated into other languages. In the course of such a translation, some of the information contained herein may be lost, corrupted, or misrepresented. The accuracy of such alternative communications cannot be guaranteed. In the event of any conflicts or inconsistencies between such translations and this official English-language Prospectus, the provisions of this original document shall prevail.