**THE ULTIMATE GUIDE TO**

# RAISING MONEY WITH A SECURITY TOKEN OFFERING

by

**CPI**

Discover how you can raise more funds in record time without the uncertainty of traditional fundraising, & get instant access to a worldwide pool of investors with virtually unlimited funding possibilities. All with the game-changing power of your own STO.

# WELCOME

**WE'VE CREATED THIS EASILY UNDERSTANDABLE, NO-NONSENSE GUIDE IN ORDER TO PROVIDE YOU WITH A USEFUL RESOURCE FILLED WITH EVERYTHING YOU NEED TO KNOW ABOUT SECURITY TOKEN OFFERINGS (ALSO CALLED STOS).**

What exactly they are, how they work, and most importantly, how YOU can benefit from using one.

Whether you've been researching this topic for a long time, or you just started thinking about getting new types of funding recently, our aim is to give you a crash course into the world of STOs - without wasting hours of your time with miscellaneous details.

**IN JUST 15 MINUTES, YOU'LL LEARN & DISCOVER:**

## 15 MINUTES

The brief history of STOs - and how they're superior in every aspect to ICOs

The main features and benefits that make STOs stand out as a financial instrument

Whether starting an STO as an innovative funding source is right for YOUR business

And many more...

# LET'S START

# WHY WE CREATED THIS GUIDE

**LOOK, THERE'S A LOT OF MISINFORMATION OUT THERE.
SCORES OF PROVIDERS ARE SELLING SUB-PAR SOLUTIONS BASED
ON FALSE ASSUMPTIONS THAT OVER-PROMISE BUT UNDER-DELIVER.
AND SINCE THE DEMAND FOR STOS IS RISING AT AN INCREDIBLE
RATE, A LOT OF COMPANIES FALL INTO THIS TRAP, JUST BECAUSE
THEY'RE AFRAID TO MISS OUT ON THE ACTION.**

So the objective of this guide is to finally clear the confusion around STOs, and give you a solid resource so you can make an informed decision, without wasting tons of time thinking about it.

However, in order to make the right decision (that's also profitable), you need to understand the most important concepts about STOs first - a feat that, unfortunately, isn't always easy.

**But it doesn't have to be so complicated!**

Even though there's a lot of confusion out there, we want to offer you honest and independent insights regarding the most important benefits you can expect.
So in just 15 minutes, we'll help you demystify all the complicated stuff, cut through all the clutter, and determine whether an STO is right for you, without wasting your time.

# BUT FIRST, WHAT EXACTLY IS A SECURITY TOKEN OFFERING ANYWAY?

# SECURITY TOKEN OFFERING

**IN A NUTSHELL, AN STO IS A BLOCKCHAIN-BASED FINANCIAL INSTRUMENT THAT ALLOWS YOU TO "TOKENIZE" VARIOUS ASSETS WITH THE AIM OF RAISING MONEY FROM INVESTORS ALL AROUND THE WORLD.**

These assets can be pretty much anything: real estate, private funds, stocks, debentures, derivatives, or any other tangible and intangible asset.

The important thing is that people can own a digitized part of these assets, thereby providing your company with outside investment - kind of like a "democratized", more accessible IPO.

However, unlike the previously popular ICOs (Initial Coin Offerings), STOs are inherently much safer, ensuring the full protection of investors, while still offering unprecedented flexibility and convenience to the issuing company.

> Sometimes STOs are also called Digital Security Offering (DSO), Smart Security Offering (SSO), Tokenized Asset (TAO), Asset-Backed Token (AT)

# A BRIEF HISTORY OF STOS

Over the last few years, companies realized that it's getting harder and harder to reliably get the funding sources they need for expansion via traditional methods, so they started looking for new sources.

Fortunately, the timing was just right for an innovative solution. **Blockchain technology** was developing rapidly, and it quickly became obvious that it will serve as the basis for future innovation within the financial industry.

According to Don & Alex Tapscott, authors Blockchain Revolution (2016), *'The blockchain is an incorruptible digital ledger of economic transactions that can be programmed to record not just financial transactions but virtually everything of value.'* By allowing digital information to be distributed but not copied, blockchain technology created the backbone for a new type of internet that would allow the use of digital currencies, Bitcoin, and other innovations.

Shortly after, the **Initial Coin Offering (ICO)** technology was developed.

This used a new type of fundraising mechanism that made it possible to digitize access to start-up services and assets - and offer such services/assets to the market in the form of tokens.

The idea was revolutionary. And ICOs gained a lot of popularity between 2017-2018, raising over $11.4 billion with 3250 successful Coin offerings, mainly in the US, UK, and Singapore.

**However, ICOs had a few serious flaws:**

✓ **They weren't reliable and safe enough**

✓ **They didn't fully comply with existing regulations on securities**

✓ **They didn't protect investors enough and some of them even got scammed**

Because of these issues, a lot of companies realized that, although ICOs were revolutionary, they weren't perfect - and the world was in desperate need of a superior solution.

Enter Security Token Offerings.

# WHY STOS ARE SUPERIOR TO ICOS

**STOs completely changed the game by fixing all the problems with ICOs, in addition to offering even more flexibility. In fact, the tremendous experience accumulated by investors during the ICO boom made everyone realize that it's crucial to always comply with existing regulations on securities.**

Therefore, STO technology was specifically designed to open the door to safe global investments, revolutionize capital markets, change the way conventional securities circulate, and provide businesses with a simple yet efficient tool to access the global capital market.

Not only that but it also enables much more productive relationships between entrepreneurs and investors, thereby fixing another big problem that ICOs had: not enough protection for investors.

**In fact, there are 3 distinct types of STOs, each with varying amounts of control given to the investor:**

**(1)** **Utility Tokens**: This is the most basic type. These tokens are not secured by shares, and they don't give investors the right to participate in profit or management. However, they do offer guarantees, similar to securities.

**(2)** **Security Tokens:** These are also Securities in the traditional meaning. In addition to guarantees, this type of token also offers the right to a share within the company, as well as the right to earn a chunk of the profits (and they also function as debt instruments)

**(3)** **Tokenized Assets:** These tokens grant full rights to an asset (or a part of it). These assets can be anything from physical things to gold, artwork, real estate, or even other types of property.

# THE KEY BENEFITS OF STOS

## STOS HAVE A NUMBER OF EXTREMELY VALUABLE BENEFITS COMPARED TO ANYTHING ELSE. FOR EXAMPLE:

**1** The ability to raise more funds in record time without the hassle & uncertainty of traditional fundraising

**2** A cost-effective way to get instant access to a worldwide pool of investors and virtually unlimited funding opportunities (hundreds of times larger than the ICO market)

**3** Unprecedented freedom because - in contrast to stocks - STOs are globally liquid and not anchored to any trading platform

**4** Peace of mind and lower risk because of cutting-edge blockchain technology and comprehensive regulatory controls that make scam almost impossible

**5** The flexibility to raise funds not only for blockchain-based projects, but also for traditional enterprises, IT companies, and even general startups

**6** Measurable and regulated investment risk, with guaranteed respect for the rights of investors. In contrast to utility tokens, a security token (Type #2) is a full-fledged instrument investment, since it's secured by a particular asset

**7** Instant online access to investment markets, and the ability to become 'globally liquid', thereby not being anchored to any trading platform (unlike traditional stocks and stock markets)

**8** Better protection for both the issuing company and the investor because of verified investor eligibility and automatically secured investor rights

# THE 7 STAGES OF LAUNCHING AN STO

**Since there are so many benefits to STOs, it's not surprising that a lot of companies are actively trying to start one. So how do you get started? What do you need to concentrate on? And perhaps most importantly, how does the process look like, step-by-step. Although the entire process is very comprehensive, we managed to condense everything into 7 straightforward stages that we go through each time we launch a brand new STO for our clients.**

## STAGE 1: CHOOSING AN STO TYPE AND A JURISDICTION

This first step is critical and actually has a huge effect on everything that comes after it. And that's because the security token type will determine the rights of investors, along with important details regarding dividend payments, ownership of the asset, share in the company, access to the services of the company, and other aspects.Mostly, it's a question of whether you want to tokenize shares (equity token) or a debt instrument (a bond-type token).

Each one has its pros and cons, however, due to the fact that regulations have not really caught up with blockchain technology, there are several (regulatory) technicalities and nuances that come up when you actually go through the (regulatory) details of the offering itself. And this also depends on the jurisdiction where you want to launch STO.

We often use a bond-type token, and in this case, the bond can be structured in a way that the payments are tied to your company's performance and revenue, meaning that you as an issuer will not have to pay fixed interest to your investors.

In addition, bonds can also be convertible, which means that investors have the flexibility to convert the bond into a specified amount of company shares, even after 10 years. Just keep in mind that regulations can be slightly different based on the jurisdiction of your STO. Currently, possible STO jurisdictions include Estonia, Lithuania, Liechtenstein, UK or Gibraltar.

## STAGE 2. SETTING BUSINESS STRUCTURE, MODEL AND GOAL

**After choosing an STO type and the jurisdiction for the Base Company (the company generating revenue for your investors), it's time to create a Special Purpose Vehicle (SPV).**

These are basically structures through a separate entity which then also become an equity shareholder in the Base company (acting as the revenue entity). This "Token Model" unlocks the ability to offer your investors Equity Shares and Dividend Rights.

Equity shares will be bound to the equity of the Base Company, and the dividends will be paid through the profits generated through the customer purchases in the Base Company.

In essence, this means ROI for investors through the Security Token Model.

Before you move to the next step, you also have to make sure that you've built (or hired) a kick-ass project team that is able to successfully turn your vision into reality. This in-cludes leaders, developers, marketers, consultants, and legal professionals.

## STAGE 3. TAKING CARE OF THE LEGAL PART / RISKS & OPPORTUNITIES

**After the foundations are set, it's time to take care of the legal aspects of launching an STO.  Leveraging the EU "small offering exemption", we approach this under the EU Regulation, and it involves 3 main rounds:**

**1**    **The Initiation:** this first "round" of the crowdfunding is held considering the lim-itations of this exemption, which includes but is not limited to a maximum of 150 people in each EU member state, and the total hardcap of 3-8 Million Euro depending on each EU member-state.

The exemption means that there is no obligation to file a prospectus (sometimes called memorandum), but other documents will have to be prepared and filed with the regulatory body of the country where the financial product is aimed to be marketed.

**(2)** **The second round** of the offering is designed and built by our Legal Team, and operated closely with the customer, hand in hand with our compliance team to make sure the entire investor life-cycle and processes are complete.

This includes everything from finding and onboarding investors, due diligence of the KYC and AML processes, the first investment, first revenue and profit share payments (dividends), and the reporting and growing of the investment sum of each investor through additional campaigns, always using the best practices of investor lifecycle management.

**(3)** **The third round** of the offering is targeted at institutional and corporate investors. Together with our partners, we define and execute a private placement and an accredited investor strategy to attract major investments to the SPV.

## STAGE 4. SETTING UP THE SECURITY TOKEN SMART CONTRACT

**After the legal part is taken care of, we get technical.** Depending on the requirements of the STO, we create the Token on the Blockchain, by selecting Ethereum, Stellar or EOS as the main Blockchain where the Token will be issued.

Depending on the token type, we also select the Token Framework (ERC20, ERC1400, ERC777, R-Token, DS token, SRC20, ST20 or S3), and then create the hardware wallets, hot wallets and backup wallets for the reserve funds, where the tokens will be held.

Finally, we design a Tokenomic Model, where we define the amount, decimals and the name of the token. Additionally, we also define all required functions of the Smart Contract and issue the token on behalf of the customer under the terms mentioned in the service agreement.

## STAGE 5. SETTING UP THE STO DASHBOARD FOR THE TOKENSALE

**As you can imagine, in order to launch an STO, you need to have a solid infrastructure that ensures the issue is safe and complies with legal regulations.**

That's why we rent servers on behalf of our customers under the terms of our software as a service agreement, and then we set up the STO Software, configuring all needed details for the Tokensale Dashboard to work flawlessly.

Then, we transfer an initial amount of tokens to the Main Tokensale Issuer User (MTIU), which will hold the first tranche of tokens to be sold in the tokensale. We define a price together with the issuer and set up all required payment systems.

Finally, together with the customer, we create an instance for a test run (Beta phase), to see if everything is working properly.

If all goes well, then after the approval of the test environment, we switch to the production system which will then be ready for the live tokensale.

## STAGE 6. LAUNCHING THE STO & INFORMING THE INVESTOR NETWORK

**A successful STO is heavily dependent on the investor network that it's capable of reaching.**

While the team behind the project might have a strong network, founders often rely on the networks of consultants, advisors, brokers, and fundraisers to reach the right people.

This is particularly important for STOs compared to ICOs, as they often make use of regulatory exemptions that prevent them from selling to the public.

So that's exactly why we work hard to connect potential stakeholders with the project, and explain the purpose of the issue, the features of the given STO, and of course, why they should invest in it.

We do this through 1:1 meetings, small events, and marketing promotion via our external partners. Additionally, our partners also present the project to their own networks after doing their own due diligence.

The end result is a **"white list",** which is basically a list of all interested investors who are willing to participate in the project once it goes live.

**This list allows us to start actively requesting investments from interested people, in 3 consecutive stages.**

First, there's a **PRIVATE SALE**. This is an exclusive sale that is only open to investors on the white list and offers a limited number of tokens with a substantial discount. Such a private sale is carried out a few months before the start of the main stage of primary placement.

Then, there's a **PRE-SALE** (if necessary - depends on the number of tokens), which sells another limited batch of tokens to people on the white list, but at a lower discount. The funds obtained at this stage are allocated to the development of upcoming general marketing campaigns.

Finally, there's a **MAIN SALE**, during which we offer up the remaining issued Security Tokens to the general public, at their regular price. The funds raised at this stage are allocated to deploy the project itself and achieve its strategic and financial goals.

## STAGE 7. EXECUTING A HIGHLY-EFFECTIVE MARKETING STRATEGY TO CONVERT MORE INVESTORS

**This final step is extremely important if you actually want to make money with your STO.**

Due to the heavily-regulated marketing rules set by major advertising companies such as Google and Facebook for the crypto industry, running regular PPC ads is not an option. Therefore, we use different marketing strategies, uniquely developed from scratch for each client but taking into consideration our vast experience from previous Software ICOs and STOs.

For example, we heavily leverage the power of content marketing and a press-based approach. This means delivering insanely valuable content to educate potential investors and get them interested in the financial product.

To achieve this, we build a detailed marketing plan in which we outline the strategies for the entire communication process, in addition to setting exact goals, milestones, metrics, and KPIs.

The end result: a perpetual revenue-generating marketing engine that is able to supply the client with a steady flow of new customers so that they see a major ROI within just a few months

# THE NEXT STEP...

# START YOUR STO THE EASY WAY

**IF YOU GOT SO FAR IN READING THIS BRIEF GUIDE, YOU NOW KNOW MORE ABOUT STOS THAN 90% OF PEOPLE. HOWEVER, AS YOU CAN SEE, CREATING AN STO INVOLVES A LOT OF STEPS, AND IT'S A MAJOR CHALLENGE FOR ANY COMPANY WHO HASN'T DONE THIS BEFORE.**

And now that you've got all the essentials nailed down, you're probably going to hop on Google and do a lot more thorough research about the topic, analyzing various policies, comparing STO types, and reading the ''small print'' for each of these...

And while it's critical that you get a complete picture of STOs, this often takes a gargantuan amount of time. Time that you could be spending doing something that you actually enjoy, such as building your company, reading your favorite book, or being with your friends or family.

**So why waste so much time with this on your own when you could easily get help from people who do this 24/7 and know the ins and outs of Security Token Offerings... and perhaps most importantly: who are here to help you.**
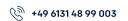
Listen, the technical, developmental, marketing, and legal challenges of starting an STO are quite specific, and it's very hard to do everything on your own...

So the most optimal way for creating an STO is to get professional support from people who've not only done this before... but also know the entire industry (along with the key decision makers) from the inside out.

CPI Technologies can definitely help you in this regard.
If you're even remotely interested in leveraging the incredible opportunities that an STO can provide for your business, we invite you to complete the short quiz below that will help you decide whether an STO is right for your company, and exactly how YOU can benefit.

# CAN AN STO HELP YOU RAISE MORE FUNDS & GROW YOUR BUSINESS?

**WE'VE DEVELOPED A SHORT QUIZ THAT - ONCE COMPLETED - RE-VEALS WHETHER STARTING AN STO CAN HELP YOU SECURE MORE FUNDING AND GROW YOUR BUSINESS, WITHOUT THE HASSLE OF TRA-DITIONAL FUNDRAISING**

This simple quiz only takes 2-minutes to complete and you don't even need any special knowledge or skills for it.

Simply answer all 10 questions to easily determine if you and your company can benefit from an STO.

**DO OUR QUIZ & FIND OUT IF**

# AN STO IS RIGHT FOR YOU!

This simple quiz only takes 2-minutes to complete
and you don't even need any special knowledge or skills for it.

**DO THE QUIZ NOW!**

# RAISING MONEY WITH A SECURITY TOKEN OFFERING

# THE PEOPLE BEHIND THE QUIZ

**THIS SPECIAL QUIZ HAS BEEN DEVELOPED BY CPI TECHNOLOGIES. CPI TECH IS THE ONLY HIGH-FREQUENCY TRADING PLATFORM FOR CRYPTOCURRENCIES, FIAT, AND CRYPTONIZED REAL-WORLD ASSETS, WHICH COMBINES ROCK-SOLID SOFTWARE WITH UNPRECEDENTED PROFITABILITY.**

Apart from creating highly-scalable and rock-solid blockchain software, CPI Tech also specializes in creating extremely lucrative software for their clients that sell on autopilot - without you having to worry about IT, promotion, or marketing. Instead, CPI Tech takes care of EVERYTHING for their clients, from top to bottom.

**289+**

SUCCESSFUL COMPLETED
HIGH-VALUE PROJECTS

**124%**
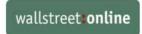
AVERAGE YEARLY SALES INCREASE
WITH YOUR CUSTOM MARKETING
CAMPAIGNS

**420%**

AVERAGE VISITOR INCREASE
FOR OUR CLIENTS

**AS YOU SEEN ON:**

ONLINE FOCUS | ntv | Handelsblatt | wallstreet:online

BitcoinNews.com | OracleTimes CRYPTOCURRENCY NEWS | INSIDE WIRTSCHAFT | COINTELEGRAPH The future of money

# RAISING MONEY WITH A SECURITY TOKEN OFFERING

**Marvin Steinberg,** the founder of CPI Tech is a seasoned businessman known for turning the energy company "db swpro" into an intercontinental multi-million dollar success story – in record time. He helps entrepreneurs build widely-successful businesses in the financial industry, and he's also the head of MySTOAgency, one of Europe's leading STO agencies.

**Maximilian Schmidt** is the CEO of the company and the 'brains' behind the technical aspects of CPI Tech. He quickly realized the incredible opportunity emerging within the blockchain industry, and over the last few years, developed various innovative BTC applications and payment solutions that changed the game for the entire industry.

# NEED PERSONAL HELP TO FIGURE THINGS OUT?

## WE KNOW IT'S NOT EXACTLY EASY TO START AN STO, AND DO IT THE RIGHT WAY, ESPECIALLY WHEN THERE ARE JUST SO MANY DETAILS THAT YOU HAVE TO GET RIGHT.

But that's why we're here for you - so that you don't have to do everything on your own.

### SCHEDULE A FREE '30-MIN' DISCOVERY CALL

### +49 6131 48 99 003

### TO FIND OUT EXACTLY HOW YOU CAN BENEFIT FROM AN STO

We'll start out by talking on the phone to get a sense of what your challenges are right now, what you've tried so far, and if we can help you. No hard selling. Promise. Even if we don't find a match for you today, you'll know much more about the benefits of STOs than before and we'll still part as friends. You have nothing to lose and everything to gain.

Speak to you soon!

**Disclaimer:** This document does not contain any legal advice, its contents are not revised and approved by any legal professional or laywer. This document is not complete and is only a personal opinion of various persons of our team consisting of administration, accounting, internal process management, financial department and business consulting. It is provided as a curtesy under the prospects of attacting new customers for our IT software, it was not written by a qualified legal advisor, this document should not be the base of making important business decisions and the reader should always search for legal advise before taking legal and jurisdictional decisions for the business to be developed.