

**Company:** Eden Holdings (Venture Capital and Start-Up Incubator)

**Team:** Carlos Chiappori, Raphael Korang, Shaurya Agarwal, Tom Kim

**Project Type:** VC/Fundraising (Security Token Offering)

**Location:** Manilla, Philippines



## Company Description

- Eden is a Singaporean holding company (located in the Philippines) that invests in and incubates early stage tech startups around the world
- Currently holds ~25 portfolio companies in the Philippines, BVI, Singapore, Hong Kong and USA

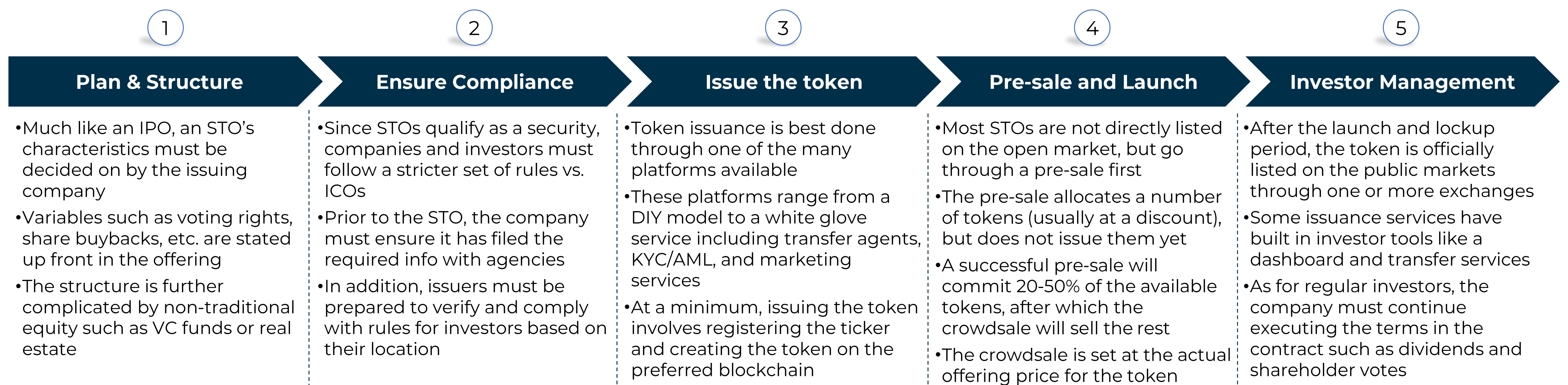
## Project Objectives

- Eden is interested in using a Security Token Offering (STO) as a medium to attract more foreign capital into the Philippines (vs. an IPO) while reducing the costs and time for a raise
- MIT team was focused on solving how Eden or one of its portfolio companies would raise money using an STO, codifying the key fundamentals of raising capital through tokenization, and finding a partner ecosystem for the STO

## What is Security Token Offering (STO)?

- Security tokens can represent a traditional private security interest, a share in a company, an LP interest in a fund/trust or a member share in an LLC, or **any asset with inherent value**
- **STOs are different from Initial Coin Offerings (ICOs)**, which are unregulated and use 'Utility Tokens' that provide access to a project's product/service with no tangible claim to an asset or equity
- A company launching a security token offering (STO) is **offering these security tokens at a set price to the open market** and then allowing it to be traded on secondary markets
- In addition to the features of a traditional share, security tokens utilize smart contracts and blockchain technology to provide all the legitimacy of normal asset ownership with **the efficiency and security benefits of cryptocurrencies**

## Overview of STO Playbook



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	Hard Cap / Soft Cap	Voting Rights	Dividends	Buybacks	Minimum Holding Period
<b>Description</b>	Hard Cap represents the dollar amount required to fully launch your project - i.e., fundraising goal. Soft Cap represents the minimum investment threshold to create an MVP of your project	In addition to gaining economic rights of the company's earnings, voting rights allow token holders to vote on strategic direction and board member selection of the company.	A payment made by a corporation to its token holders, usually as a distribution of profits	A re-acquisition by a company of its own security token. It represents a more flexible way of returning money to token holders.	The amount of time the investment is held between the purchase and sale. Used to determine dividend eligibility & taxing of capital gains/losses.
<b>Pros</b>	Setting a reasonable cap will send the message to the community that the company has a realistic project scope and a team with realistic expectations (Avg. STO fundraising up to date has been < \$30M USD)	<b>Company:</b> Issuing voting rights is a "cheaper" source of capital, as the equity would trade at a higher price and issuer can give up less control of the company. <b>Investors:</b> Institutional and high-net-worth retail investors (who can afford to buy a large # of shares) would prefer voting rights to gain decision making power.	<b>Company:</b> Sends out a positive signal to investors on the company's profitability and growth <b>Investors:</b> It provides passive income to investors. A high dividend payout ratio attracts longer-term investors	<b>Company:</b> Buyback is a way to consolidate company ownership. Also, in the event of a recession, buybacks can be reduced more easily than dividends, with less impact on token price. <b>Investors:</b> Sends out a positive signal to investors on the company's profitability and growth. Tends to attract shorter-term investors	<b>Company:</b> Holding period is <b>driven by local securities law</b> . But Issuer could influence investors' holding behaviors through various dividend incentives. <b>Investors:</b> Can attract longer-term investors and discourage price speculation as the price wouldn't change during the holding period.
<b>Cons</b>	Unrealistic hard cap on an STO can lose credibility from investors. Setting a minimum cap too low will make it less likely to meet the fundraising goal.	<b>Company:</b> Issuing voting rights would lead to losing some decision making power. <b>Investors:</b> Average individual investors would not prefer voting rights, as they cannot afford to buy a large # of shares at a premium.	<b>Company:</b> Companies have to pay tax on dividend payouts <b>Investors:</b> Difficult to discontinue dividends. Once started, it sets expectations to investors that dividends would continue	<b>Company:</b> Can increase credit rating / risks if buyback is financed by debt <b>Investors:</b> Longer-term token holders who expect dividends may not choose to sell their tokens	<b>Investors:</b> If the value of the underlying asset falls during holding period, investors won't be able to exit. Also, liquidity is limited with a long minimum holding period.

	Country	Description	Service Level
	USA	Current market leader. Reputable and with a very large network of partners	Manual → Turnkey
	USA	Strong track record of STOs including SpiceVC. Good network of regulatory partners.	Manual → Turnkey
	Germany	A decentralized exchange as well as an issuance platform, significant publicity and growth	Manual → Turnkey
	USA	Issuer/exchange combo, gaining momentum quickly with STOs	Manual → Turnkey
	USA	Offers a broad range of services in-house, including marketing and broker/dealer	Manual → Turnkey
	USA	Focus on end-to-end legal services with their issuance platform and dashboard	Manual → Turnkey
	USA	a16z funded with a focus on investor management and regulatory compliance	Manual → Turnkey

