

WHITEPAPER

ENGLISH VERSION 2.0



eqwityTM

LET'S BUILD THE BRIDGE TOGETHER

The First Decentralized Ecosystem To Easily Get Into The Security Token Offerings Market

One-Stop Shop

Incubation • Issuance • Compliance • Fundraising
Governance • Tokenization • Trading

INTRODUCTION

ICOs (Initial Coin Offerings) market has quickly expanded. This new way of raising funds that arose during the last several years have beaten records.

In 2017, numerous projects have emerged thanks to ICOs seeking to solve a problem or offer a service related to the blockchain technology. During the crypto bull run¹, 209 cryptocurrencies and tokens were created through the ICO process. These projects allowed their founders to raise close to 5.6 billion dollars², a record at the time.

In 2018, despite the first semester strong decline in cryptocurrencies market, the number of ICOs has rocketed as never before. During the first 7 months, 638 ICOs were launched for nearly 17 billion dollars injected in projects by the blockchain community. It's no more a secret to say that the ICOs' growth have been displacing the one of all current fundraising mechanisms. Unfortunately, like any other major technological breakthrough at the beginning, the ICO has many flaws. These led to excesses and abuses surfing on the initial euphoria, the lack of security, regulation, transparency and the inexperience of stakeholders, whether investors or project founders.

Many articles and studies have pointed out the high failure rate of projects and the number of unpunished scams rising due to ICO model. As all blockchain enthusiasts, at Eqwity we are dreaming about a smart regulated industry, where the fairness comes first. But to achieve this objective, the actions of blockchain industry stakeholders should be strengthening its foundations.

These last two years, the ICO has been the cornerstone of the industry development, but its many abuses did not foster a healthy growth, a good use of raised funds and above all, its complete acceptance by all the institutions.

This has largely favored the emergence of the Security Token Offering (STO), a new token sale model that would be more compliant, transparent and trustable by stakeholders and governments. As explained in the Inwara Study³, a Security Token Offering is a *"Financial security issued as a digital asset; which generally represent proprietary rights in an underlying company and/or its assets. This is distinctly different from the aforementioned ICOs, which were "utility tokens" or digital tokens giving access to the future product/service of a project with no real right to an asset or equity interest."*

Considering the increasingly strict approach of regulators to ICOs in 2018, attracting investments through Security Token Offering is the next logical step for the industry as a whole and determines the course of its development towards a more regulated and transparent market.

¹ <https://cointelegraph.com/news/bitcoin-hits-20000-per-coin-capping-year-of-enormous-growth>

² <https://www.businessinsider.nl/how-much-raised-icos-2017-token-data-2017-2018-1/?IR=T&r=US>

³ <https://www.inwara.com/report/security-token-offerings>

The main ICO flaws are solved by this new model (STO), however some advantages have been lost along the way, like the notion of decentralization or access to services provided by utility tokens. Moreover, the STO as well brings new issues to stakeholders, such as lack of standardization, procedures duration, lack of interoperability between service providers (issuers, custodians, legal firms, compliance, exchanges...) or increase of costs.

More and more blockchain stakeholders are now seeking for solutions to make this new compliant fundraising mechanism easier to implement and more affordable but generally they are quite limited or too difficult to apply to be adopted in a large scale.

Would it not be in the interest of all players to aggregate, standardize and digitize, all necessary procedures and services for launching an STO in order to favorize a large adoption? And would it not be possible to enjoy the benefits of the STO without losing the notion of "Access to Services" so needed within the blockchain platforms?

MARKET

- **A RAPIDLY EXPANDING MARKET...**

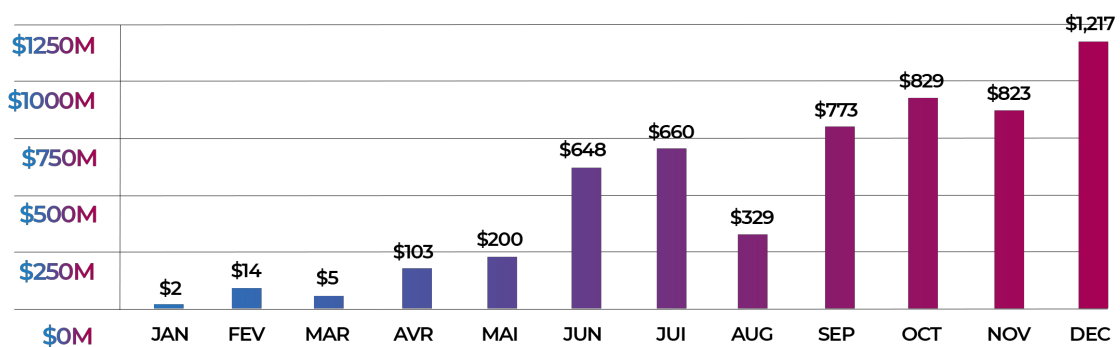
After controversial starts regarding the idea of J.R. Willet in 2012, the first ICOs emerged. Many projects experimented this fundraising mechanism, expecting to finance their work in 2013. Ripple pre-mined 1 billion XRP tokens and sold them to investors in exchange of “paper money” or bitcoins. Then came Ethereum, which gathered more than 18 million dollars in early 2014. At that time, it was the most important ICO ever realized.

However, the ICO became truly popular only a few years later, thanks to a lightning growth within the blockchain industry. According to a study released by PricewaterhouseCoopers & Crypto Valley Association, 552 ICOs would have been held in 2017. The report published by Fabric Ventures and TokenData is more modest, announcing a 5.6 billion dollars raised in 2017.

YEAR	DURATION /ICO (DAYS)	USD MN /ICO	TOTAL ICOs	TOTAL VOLUME (USD MN)
2013	41	0.4	2	0.8
2014	68	3.8	8	30.5
2015	32	1.0	10	9.9
2016	39	5.1	49	252.0
2017	29	12.8	552	7,043.3

PRICEWATERHOUSECOOPERS. & CRYPTO VALLEY ASSOCIATION ©2017

USD RAISED BY ICOS IN 2017 - MONTHLY



As outlined above, 2018 made a dream start, despite the sharp drop of the cryptocurrency market during the first half of the year. The number of ICOs literally boomed as never before. According to Coinschedule, 675 ICOs have been launched since the beginning of the year, and more than \$17 billion have been raised worldwide.

According a recent report of PricewaterhouseCoopers, released in 2018, end of June, the ICOs volume launched during the first half of the year has exceeded the one of those launched in 2017 year as a whole. This explosive growth could prove the analyst right when expecting the ICOs market to be worth more than \$20 billion by the end of 2018.

- **...SLOWLY SWITCHING TO SECURITY TOKEN OFFERINGS!**

Since its apparition in the blockchain industry, the ICO have faced pretty tough criticisms regarding the abuses and risks of its model. Despite this, the ICOs offered to startups an excellent bias to persuade investors to funds their project. In the USA, the Securities Exchange Commission (SEC) recognized this fact. However, it recently has been cracking down on fraudulent and non-compliant ICOs to set and enforce a better standard in the industry.

In view of the legal uncertainty surrounding the ICO future, Security Token Offerings (STOs) are arising as the new method of crowdfunding and could be the next big thing to spur growth in the industry.

The STO would offer to investors securities and voting rights in the funded company. The main difference between ICOs and STOs would lie in the fact that security tokens constitute an investment contract, where the main use-case, and the reason for the contributors to buy the tokens, is the anticipation of future profits in form of dividends, revenue share or (most commonly) price appreciation.

Security tokens are also easier from a regulatory perspective. Most jurisdictions already have established and sophisticated regulations on selling securities; tokenized securities can fit comfortably within the existing framework.

RBC Capital Markets analyst Mitch Steves have predicted that the STO market will be worth some US\$10 trillion by 2020⁴. Connor Cantwell, a partner at a deep tech VC fund, as well said that he fully anticipates a “tsunami of security tokens” in the near future⁵. Moreover, The Malta Stock Exchange recently announced that its innovation, digital and fintech subsidiary will develop two new exchange platforms dedicated to security tokens⁶. The first one will partner with Neufund and Binance and the second one with Okex. Similarly, Gibraltar Stock Exchange rushed to ask to extend its license allowing it to offer security tokens exchange⁷.

In 2018, \$262.2 million have been raised through STO according a Suicide Ventures’ study⁸. The STO market is still nascent, a former JPMorgan trader, Daniel Masters said that an industry standard is unlikely to emerge in the next few years, but predicted that STOs will gain serious traction in 2019⁹.

⁴ <https://www.cnbc.com/2018/01/03/one-stock-analysts-10-trillion-bull-case-for-cryptocurrencies.html>

⁵ <https://cryptobriefing.com/sto-market-security-token/>

⁶ <https://news.bitcoin.com/malta-stock-exchange-to-develop-two-new-platforms-for-security-tokens/>

⁷ <https://cryptobriefing.com/gibraltar-stock-exchange-security-tokens/>

⁸ <https://research.suicide.ventures/report/#chapter8>

⁹ <https://cryptobriefing.com/sto-market-security-token/>

PROBLEMS

1. ICOS MARKET

It's not a secret, the ICO market is a matter that is fraught with controversy. The ICO has been the engine of the industry but also the engine of its excesses and abuses. Despite the record figures in terms of funds raised and blockchain start-ups propelled, the ICO is a model of fundraising that includes too many dysfunctions affecting all industry players, founders and investors, but also the development and mass adoption of blockchain industry.

You will find below a simplified classification of the main issues making ICOs unviable for allowing the massive adoption so long awaited by blockchain enthusiasts:

• A° FOR INVESTORS

- Scam Risks: Too many scams recorded in the market since ICOs boom. According to Bloomberg and SATIS Group, 78% of ICOs can be classified as scams¹⁰.
- No Rights: Investors are helping founders to launch their projects by investing on them without getting any voting right, shares and dividends in the company.
- Unverified Founders: There is a real lack of verifiable information about founders. Today, it's easy for scammers to plagiarized documents in addition to having fake team listings or creating fake LinkedIn profiles (which seems to be a trustable source of information within the market).

• B° FOR FOUNDERS

- High Rate of Fails: hundreds of these projects are now dead because they were not listed in any exchange or the product hasn't materialized. Moreover, according to News Bitcoin survey¹¹, the total funds raised for the failed ICOs were more than \$100 million.
- Hacking Proliferation: According to Ernst & Young, more than 10 percent of \$3.7 billion raised in ICOs in 2017 has been stolen¹².
- Inexperienced & Unskilled Team: The challenges faced by more recent ICOs in reaching their targets are partly attributable to the lower quality of projects, lack of entrepreneurship experience, absence of skills and no financial sustainability vision.

• C° FOR MARKET

- Government & Regulations: Many governments aren't fans of ICOs and have outwardly banned them because of scams, project fails, hacking, money laundering; in brief numerous risks for investors.

¹⁰ https://research.bloomberg.com/pub/res/d28giW28tf6G7T_Wr77aU0gDgFQ

¹¹ <https://news.bitcoin.com/46-last-years-icos-failed-already>

¹² <https://www.reuters.com/article/us-ico-ernst-young/more-than-10-percent-of-3-7-billion-raised-in-icos-has-been-stolen-ernst-young-idUSKBN1FB1MZ>

- Easy Money Laundering: Too many ICOs aren't setting up AML processes for avoiding money laundering through their fundraising.

2. STO MARKET

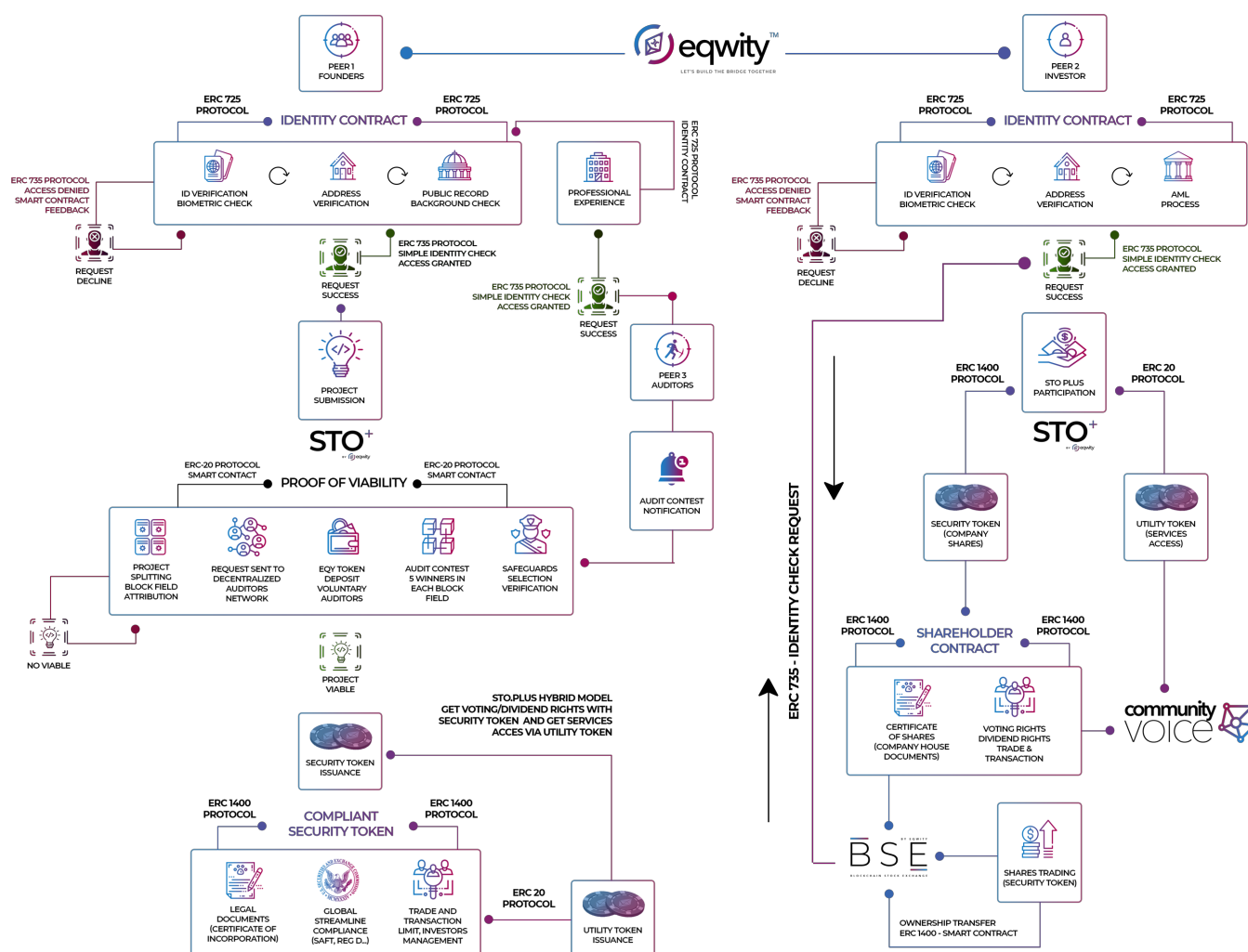
The STO market opens up many opportunities, due to its size (public and private), sub-markets (issuance/tokenization, compliance, custody, fundraising, legal, trading...) but also its capacity to favorize the massive adoption so long awaited by blockchain enthusiasts. The ICO flaws are solved by this new model (STO), however some advantages have been lost along the way and some new issues to solve came out with it.

You will find below a simplified classification of the main issues that could make harder the STO fast adoption, within the industry and worldwide:

- Complex mechanisms: STO mechanisms are much more complex than those of an ICO. There are various milestones to validate before getting the right to launch a private or public offering such as company incorporation, security tokens issuance or compliance procedures for each targeted country (US, China, Russia...) or area (European Union).
- Increase of costs: the integration of a compliance process, the creation and auditing of a security token and the implementation of a much more corporate marketing strategy have clearly increased the costs to launch a token sale. Costs vary widely depending on the geographical area, type and size of the securities offering (\$ 100,000- \$ 500,000).
- Lack of Liquidity: to date, there is no exchanges of digital assets that makes it possible to trade security tokens on a secondary market. Several exchanges are announced for the end of 2019, but for the moment the market is sorely lacking in liquidity.
- No Access to Services: the utility token has been an effective way to raise funds, but also to give access to the platform or services of the issuing company. The arrival of the security token offerings solved the main problems encountered with initial coin offerings, thanks to the integration of a compliance process giving more transparency. However, it completely dismissed the notion of access to services so useful for the smooth operation of decentralized blockchain platforms.

Given the uncertainty of ICOs' future, many stakeholders are now looking for alternatives and solutions making the fundraising more trustworthy, transparent and legally compliant. The STO seems to be the most well accepted solution by industry players and regulators; good prospects for development are predicted for this emerging token offering model. However, it's necessary to facilitate its complex mechanisms at each level of the value chain to achieve broad adoption. That's why we've created Eqwity ecosystem!

CORE BLOCKCHAIN TECHNOLOGIES



• ERC-20

ERC-20 is a technical standard used for smart contracts on the Ethereum blockchain for implementing tokens. ERC stands for Ethereum Request for Comment, and 20 is the number that was assigned to this request. The clear majority of tokens issued on the Ethereum blockchain are ERC-20 compliant. As of 2018-11-19, a total of 142,273 of ERC-20 compatible tokens are found on Ethereum main network, according to Etherscan.io¹³. ERC-20 Standard defines a common list of rules for Ethereum tokens to follow within the larger Ethereum ecosystem, allowing developers to accurately predict interaction between tokens. These rules include how the tokens are transferred between addresses and how data within each token is accessed.^{14,15}

¹³ <https://etherscan.io/tokens>

¹⁴ <https://www.investopedia.com/news/what-erc20-and-what-does-it-mean-ethereum/>

¹⁵ https://theethereum.wiki/w/index.php/ERC20_Token_Standard

- **ERC-1400**^{16,17}

ERC-1400 will comply with both ERC-20 and ERC-777 standards, and will ensure that Security Tokens comply with regulations. With its own standard, security tokens can be adopted in a meaningful way because issuers, investors, KYC providers, wallets, stock exchanges and developers can work within the same framework. In the same way that the Token ERC-20 caused the expansion of the utility tokens, the ERC-1400 will increase the expansion of the security tokens thanks to its interoperability. With a standard interface, security tokens can be operated and used by all relevant parties.

The ERC-1400 standard's major features include:

- A standard interface to query, validate, and justify success and failure of transactions.
- Options for forced transfer (for legal and fund-recovery procedures.)
- The possibility of emitting of issuance and redemption in standard events.
- A mandatory ability to attach metadata (ie identity information) to a token holder's balance.
- The possibility to modify metadata and transaction parameters on- and off-chain.
- Requirement of "signed" data to validate transactions on-chain.
- Limitless range of asset classes across representable jurisdictions.
- Compliant with both ERC-20 and ERC-777 standards.

Apart from making STOs more legitimate, the ERC-1400 standardization will make tokens a more dependable form of investment that can be treated with the same status as other kinds of securities.

- **ERC-725 & ERC-735**¹⁸

These standards define a commonly accepted identity and claims management model for creating, maintaining and populating identities on the blockchain.

ERC-725 is a standard for publishing and managing an identity via a smart contract on an EVM-based blockchain, such as Ethereum. This identity is represented by its chain address. We can say it operates as a identity card for a particular address.

ERC-735 describes the standard functions for adding, removing and holding claims. These claims can be attested by third parties (claim issuers having a certain legitimacy to sign the considered claim) or self-attested. A claim issuer who issues claims about an identity, does have itself and is represented by an identity contract that has a claim signer key used to sign the claims in question.

This standardized claim manager interface will allow DApps and smart contracts to check the claims held by a claim holder through his identity. In that respect, we can consider that trust is transferred to the issuers of claims (he is the one assessing a specific entity/claim holder and, based on this assessment, issuing a claim to his identity). In summary, ERC 735 deals with the management of claims issued to qualify an ERC 725 identity.

¹⁶ <https://medium.com/cindx/erc-1400-the-new-token-standard-a5a49779554e>

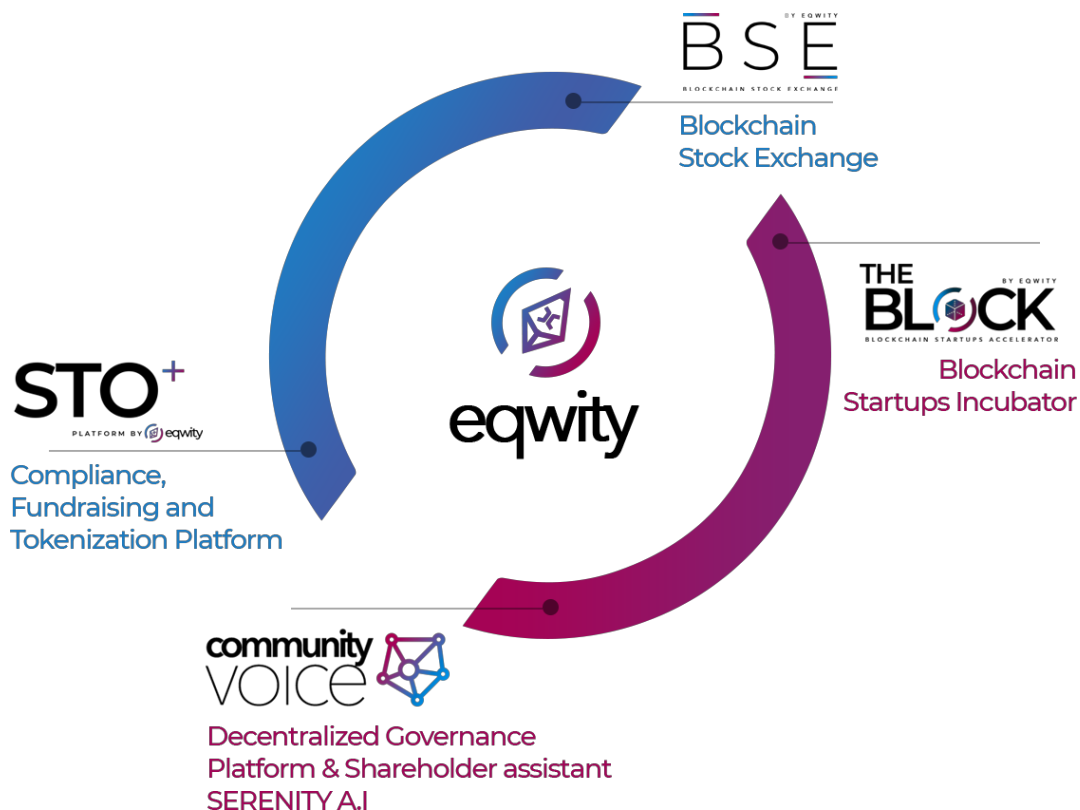
¹⁷ <https://blog.icofunding.com/erc-1400-new-security-token-standard-on-ethereum-aeb4ecd49c88>

¹⁸ <https://hackernoon.com/first-impressions-with-erc-725-and-erc-735-identity-and-claims-4a87ff2509c9>

SOLUTIONS: EQWITY ECOSYSTEM

- **A° LET'S MAKE EASIER STOS MARKET PENETRATION!**

At Eqwity we are building the easiest way to enter the STO market, thanks to a decentralized ecosystem aggregating, standardizing and digitizing all necessary services for performing a Security Token Offering. Then, we also aim to bring back the notion of "access to services" by introducing the "STO Plus", a new hybrid model entitling to a compliant security token as well as a utility token for enjoying the services.



Eqwity is the first decentralized ecosystem to easily get into the security token offerings market, it includes new concepts linked to solutions that will be deployed at different project stages.

Let's discover them!

- **B° STO+ PLATFORM: FIRST ALL-IN-ONE INFRASTRUCTURE TO LAUNCH A SECURITY TOKEN OFFERING**

The STO Plus platform aims to aggregate and provide all necessary services to set up and perform your Security Token Offering in a unique ecosystem. Eqwity introduces as well the "STO Plus", the first Hybrid STO Standard to its platform in order to reintegrate the notion of "access to services" in the STO standard. Finally, the overall ecosystem is shaped to support blockchain companies at each milestone of their life cycle, from incubation to liquidity generation.

To take the STO concept one step further, Eqwity introduces a new hybrid STO standard as well as the Proof of Viability (PoV), the first decentralized project audit system based on collaborative competition.

- **STO Plus (STO+)**

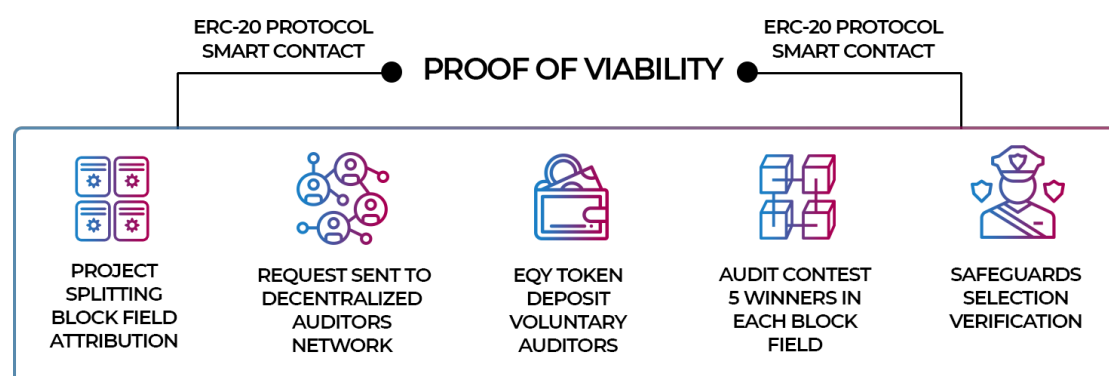
Eqwity introduces the "STO Plus", a new hybrid model entitling to a compliant security token as well as a utility token in a two-in-one package. This improvement aims to bring back the notion of "access to services" previously provided by the utility token.



Based on a simple principle, for each security token purchased giving right to voting and profit share, the investor will as well get a utility token for enjoying the company services.

- **Proof of Viability (PoV)**

A project could be compliant without being viable, so to prevent non-viable or destined to fail projects for being able to raise funds from the community, it was important to include an audit phase in the process. The project audit phase had to be the most decentralized possible, operated by professionals and self-financed.



Based on this, we shaped the first decentralized project audit model named "Proof of Viability (PoV)". The Proof of Viability (PoV) will be used to determine which project is viable for launching a public offering. In other words, how can the investors be sure that a compliant project is as well viable before investing in it?

HOW IT WORKS?

Every submitted project will be divided in different parts based on field (financial plan, product market fit, penetration strategy, token economics...) which must be audited.

Once this is achieved, each part will be randomly sent to a decentralized network of auditors organized in block fields (financial auditors, marketing auditors, blockchain auditors, legal auditors...). For joining the network each new auditor will need to be verified first (identity verification, background checking, skills test, project audit simulation).

Several auditors in each block field will compete to be one of the first five to define the project as viable or non-viable in their field. Once this is reached, the audit session is stopped. But, not every auditor gets a reward only the five winners from each block field.

For participating, each voluntary auditor will need to deposit first on the platform the amount in EQY tokens he would desire to earn for his audit service (a max value will be defined by the platform for avoiding abuses and ensuring self-financing).

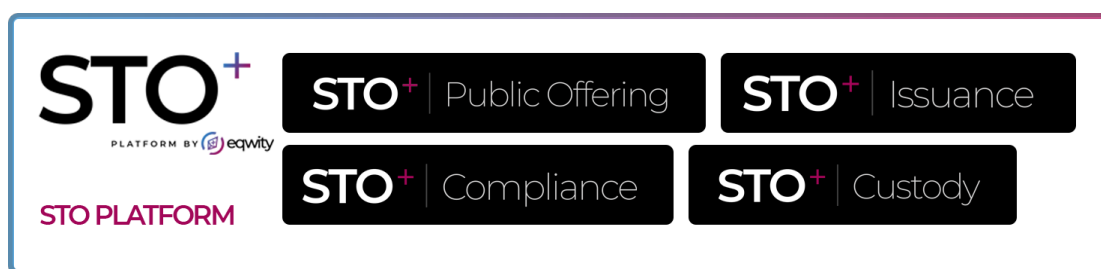
After the audit session is terminated, three other auditors from each block field will be randomly selected for becoming safeguard auditors. The role of the safeguard auditor is to verify the quality of the audit (relevancy, fraud...) performed by the five winners.

If a majority of safeguards define their audit as relevant, qualitative and free of fraud; the auditors get back their deposit and received the same value as a reward in BTC or ETH. The safeguard will earn a fixed reward previously defined on the platform for this kind of mission.

If a majority of safeguards find a fraud or a real irrelevancy, the concerned auditors will get a black point, in other words a warning, and their deposit will be frozen and sent to safeguards as an additional reward. In this case, the project is resubmitted to the network for a second audit session. It is important to know that after receiving several black points an auditor is banned from the network for ensuring the highest level of quality in each block field.

Finally, all audited projects report will be available to the public and recorded in the blockchain.

STO+ PLATFORM - ONE-STOP SHOP



Through the first all-inclusive platform powered by smart apps, Eqwity aims to solve STOs technical and legal puzzles in a unique ecosystem by providing: company incorporation service, security token issuance, fully digitized compliance process, decentralized project audit (Proof of Viability), viability label issuance, security token public offering platform and digital asset custody.

LET'S DISCOVER THE OVERALL PROCESS:

- **Company Incorporation (optional)**

For raising funds through a STO or STO Plus, the project team will need to firstly incorporate a company for being able to issue security tokens. Thanks to a large network of partners located in the best places for launching a security token offering, Eqwity will provide a fast company incorporation service.

- **Security Token Issuance**

STO+ Issuance is an easy-to-use app enabling every issuer to create a very sophisticated security token within few minutes! Thanks to a smart forms system based on a guided questions-answers process, issuers will be able to create specific ERC-1400 Security Tokens without coding a line.

- **Compliance Process**

STO+ Compliance is an integrated smart platform aiming to aggregate all necessary service providers for performing a compliance process anywhere in the world, to standardize and digitize all procedures for each targeted country and area, and to bridge with a maximum of financial regulators for drastically reducing procedures duration.

For collecting the necessary information, the issuers will have to fill smart forms designed and organized for offering the best user experience. All compliance forms (Form D, Form A, SDS Form, Publication Form...) will be digitized and templated, in order to automatically fetch and integrate the collected information before sharing them to selected service providers.

Based on the criteria defined during the security token issuance (targeted areas, class of assets, type of offerings...), Serenity AI, our Smart Assistant powered by an Artificial Intelligence will select the most relevant service providers (advisory, legal, notary, KYC/AML...) for performing efficiently this compliance process. After that, Serenity will put all offers in competition and define the best service providers combination in order to lower the issuer's compliance costs without affecting the quality of service.

The underlying idea is to create a positive competition to encourage service providers reducing their price in order to obtain the contract; and through a knock-on effect lowering the compliance costs for issuers. The concept will ultimately be positive for all stakeholders because with a lower entry ticket, we open the doors to a much larger market, and therefore get more demands for service providers.

Finally, our ultimate goal is to bridge our platform to that of financial regulators to automate the transmission of information and reduce application processing time.

- **Project Audit: Proof of Viability (PoV)**

The project audit phase will be based on "Proof of Viability (PoV)" model. As previously detailed, it will prevent non-viable or destined to fail projects for being able to raise funds from the community. The audit session will be performed within a decentralized network of auditors organized in block fields. For ensuring a high-level of impartiality, the selected auditors will get only relevant information regarding their field for evaluating the project viability.

During the development of the Eqwity ecosystem, the project audit phase will evolve from a semi-centralized model to a decentralized one based on Proof of Viability (PoV):

- At the beginning, the project audit will be performed by independent auditors recruited by our team for a fixed-term assignment (~ 6 months). In this way, we'll avoid the process being too centralized.
- In a second time, we'll integrate the project audit platform based on Proof of Viability model. The decentralized network will constitute a pool of independent auditors from around the world. For ensuring the self-financing, a percentage of generated revenue by the STO+ platform will be automatically injected to the project audit platform.
 - $\text{Dedicated \% of Generated Revenue by STO+ Platform} / \text{Total Audited Projects} = \text{Max. Reward for a Project Audit}$
 - $\text{Max. Reward for a Project Audit} / \text{Number of Project Block Field} = \text{Max. Remuneration for a Project Block Field}$
 - $\text{Max. Remuneration for a Project Block Field} / 5 = \text{Auditor Max. Remuneration}$

- **Project Submission on STO+ Public Offering Platform (optional)**

For raising funds through an STO+ via our public offering platform, the founders will need to submit an online application. Each project will need to successfully pass the project audit stage and hold at least 10,000 EQY tokens in their wallet for being eligible to submit their application in the STO+ Public Offering Platform.

As the final word should be the investor community one, all projects that successfully passed the audit process will need their final acceptance for being listed. In a listing competition, the projects that'll get more votes will be listed on STO+ Public Offering Platform for raising their funds.

In this way, we'll ensure to offer viable projects expected by the investor community and a high success rate in terms of fundraising. For participating in a community listing competition, each investor will need to spend 1 EQY token for submitting his vote for a project.

- **Listing Preparation**

When all the previous steps have been validated, our team will communicate to each selected team their private access to enter the STO Plus platform, so that they can start setting up their public offering campaign.

Through a user-friendly CMS (Content Management System) designed for non-techies, selected teams will be able to choose the layout of their integrated landing page within a library of templates and configure it with ease (colors, import visuals, filling text boxes ...).

This integrated CMS will also allow to personalize the payment gateway (currencies and cryptocurrencies accepted, minimum investment, non-accepted countries...) as well as their monitoring dashboard.

- **Premium Marketing Services**

Before and during fundraising stage we'll promote all projects hosted in our STO+ Public Offering Platform within the Eqwity ecosystem for free, through our social media, newsletters, events, Eqwity Investors Club... However, to reach investors around the world, selected teams will need a much more comprehensive marketing strategy.

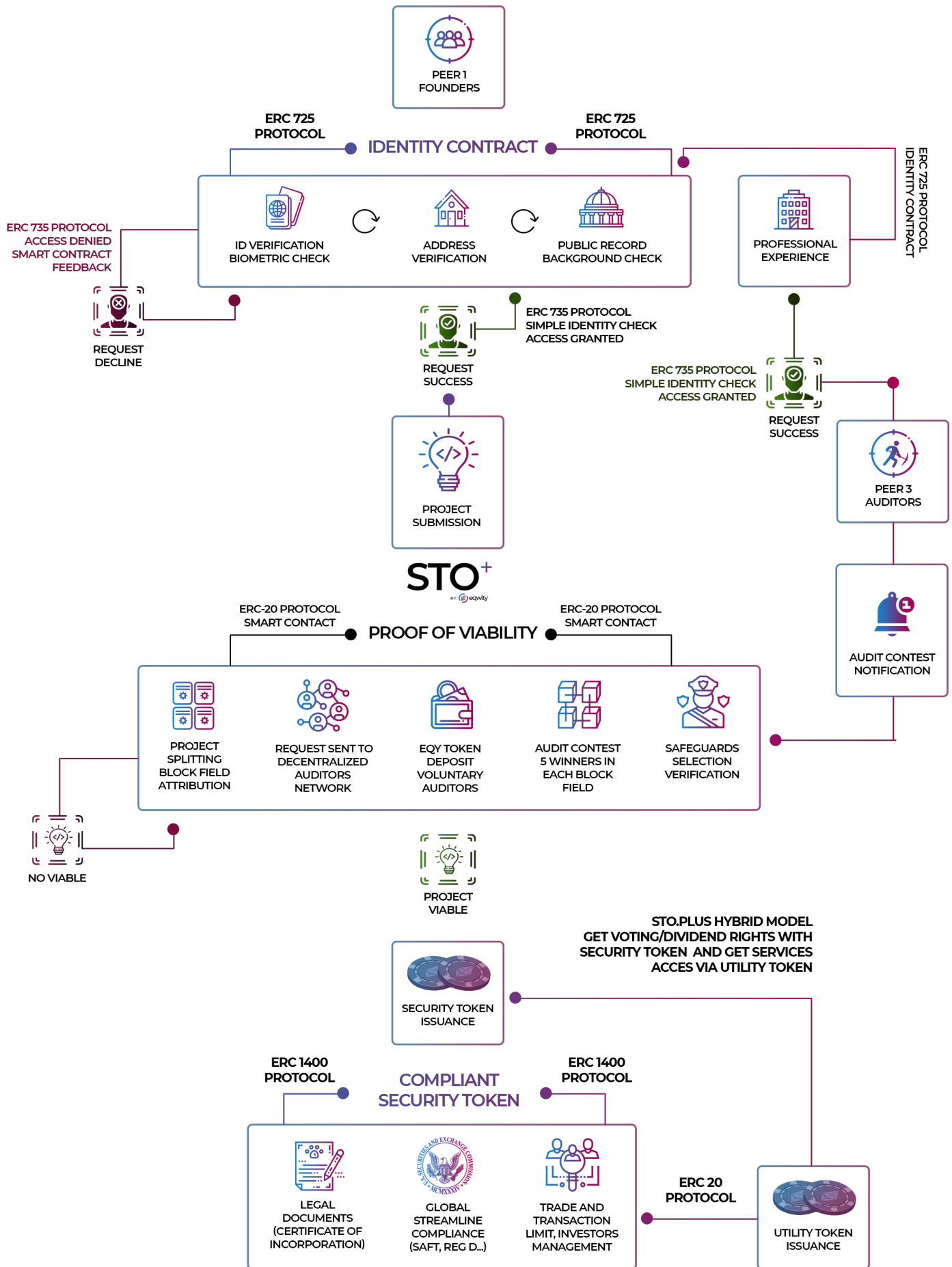
That's why we decided to build a large network of marketing partners to provide premium services that will allow all selected teams to manage their entire public offering campaign in one place!

- **Public Offering**

This is the show time during which the public offering period will take place. Everything is ready! And for the first time in the blockchain industry, investors will fund projects that have been audited, then selected by the investor community, and within which they will get a compliant security token (voting, dividends) as well as a utility token (access to services).

- **Digital Asset Custody**

All funds raised will be stored in our custody throughout the public offering period for ensuring the highest level of security to our customers. At the end of the public offering, the funds are automatically released and transferred to the project main wallets.



- **C° COMMUNITY VOICE: EQWITY'S GOVERNANCE DAPP!**

Thanks to the STO, investors will finally regain their voting right. It was therefore necessary to put in place a DApp (Decentralized Application) for allowing shareholders from all over the world to have their voice heard in the projects in which they've invested.

Security tokens face plenty of situations that require consensus by the participants in the network. To manage these various situations, our security token protocol will include on-chain voting mechanisms for allowing the different nodes to submit and process votes.

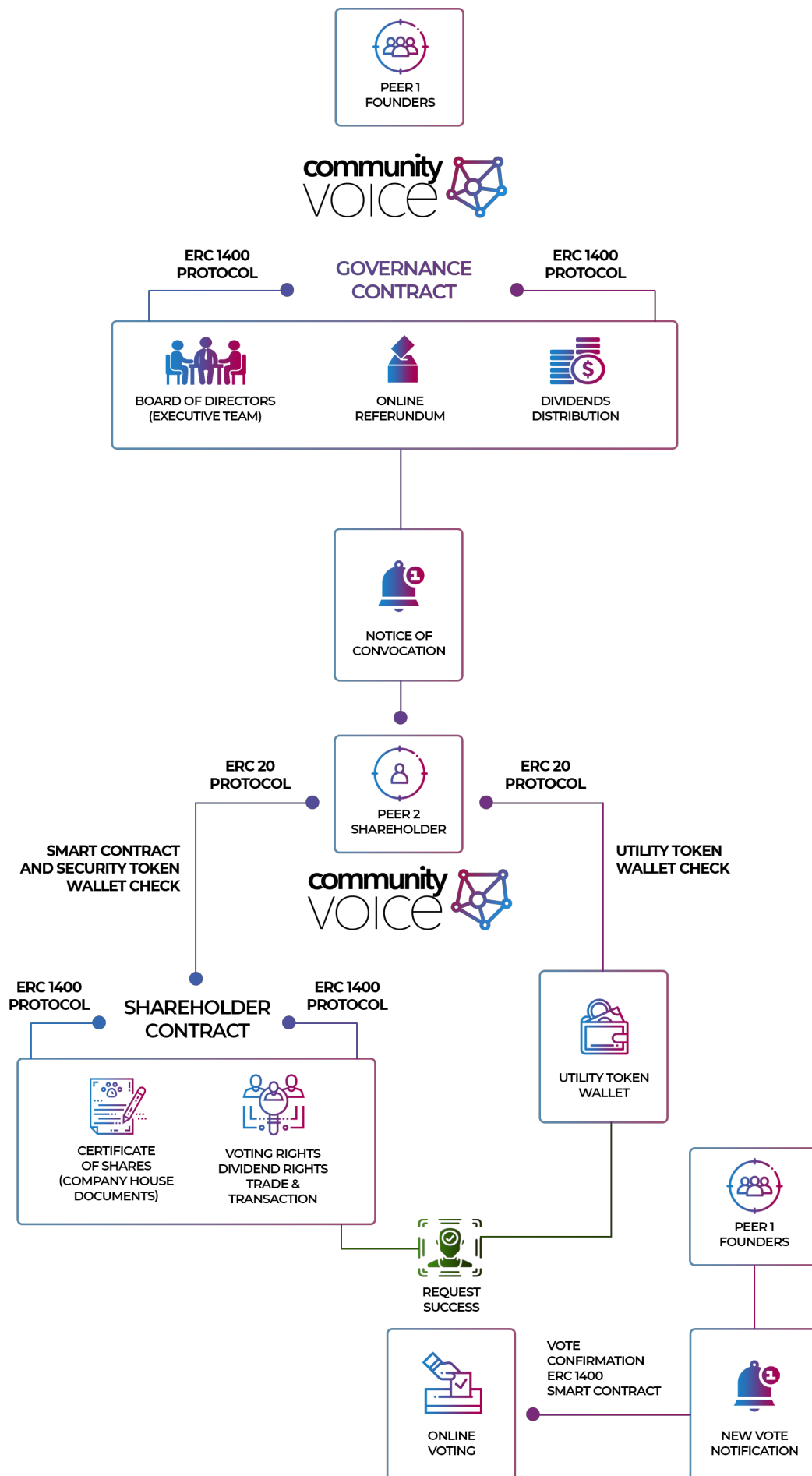
Community Voice introduces a simple way to decentralize private company governance by giving back their voice to blockchain investors. It'll make easier strong links forging between shareholders and founders thanks to a smart platform including the following features:

- Shareholder Voting Right (Governance Contract powered by ERC1-400 and ERC-20);
- Decentralized Referendum via Community Voice DApp;
- Investors Opinion Sharing on Non-Strategic Decisions (platform design, corporate identity, new service name...);
- Decentralized General Assembly (Live Stream);
- Community Listing Vote for STO+ Public Offering Platform;
- Serenity Smart Assistant – Integrated Artificial Intelligence predicting and advising on shareholders decision impact.

A decentralized world is emerging in blockchain industry, engaging thousands of investors worldwide around blockchain projects. Tomorrow, each investor will need to have his voice heard in these new decentralized private companies.

COMMUNITY VOICE'S VOTING PROCESS

1. A voting event could be automatically generated by the smart contract (e.g. day of decision about dividends sharing) or initiated by founders for deciding on a strategic or non-strategic decision.
2. The nodes are notified via Community Voice DApp. They get all information regarding the voting event (purpose, rules, dates...).
3. Each node is notified again for submitting their vote when the voting event start.
4. Before the vote is submitted, the smart contract check if the utility token wallet of the node have the sufficient balance for proceeding (1 EQY = 1 Vote).
5. At the time the vote is submitted, 1 EQY token is debited from the shareholder's wallet and the vote is recorded within the smart contract.
6. The voting event automatically close once the end date is reached. All nodes are notified at the same time.
7. They are automatically generated and smart contracted.
8. Once all votes are considered, the results are pushed to all shareholders via Community Voice DApp.



NEW GOVERNANCE MODEL

Community Voice also introduces a new governance model that could help shareholders to avoid off-chain manipulations on private company decisions. This new model will be a suggested option during the security token issuance. Based on a simple principle “One Shareholder = One Voice” and without taking into consideration the number of shares owned by founders and first-backers, this formula allows to fully decentralize the company governance and to protect against potential attacks.

In an article written by Jesus Rodriguez¹⁹, Chief Scientist, Managing Partner at Invector Labs, some interesting attacks that could affect conventional security token voting mechanisms are presented. Please find below two relevant examples:

- **The Token Raid Attack**

The token raid attack describes a scenario in which a large token holder can purposely drive down the price of a security token by manipulating other token holders. Let's take the example of a security token with dividend distribution; upon receiving the dividend distribution proposal, a large token holder can indicate to other token holders his intention to vote NO and block any dividend issuance. That action drives down the price of the token incentivizing many of the token holders to sell their positions to the larger token holder.

- **The Blocking Attack**

Imagine that a company launches a security token based on its assets. A competitor uses a third-party vehicle to buy enough tokens to be influential on the voting decisions. After that, the competitor decides to block or delay any voting proposal, so the token slowly depreciates in value and investors get frustrated. While this happens, the competitors launch a similar security token for his business and tries to influence the frustrated token holders to dump their positions and buy into his offering.

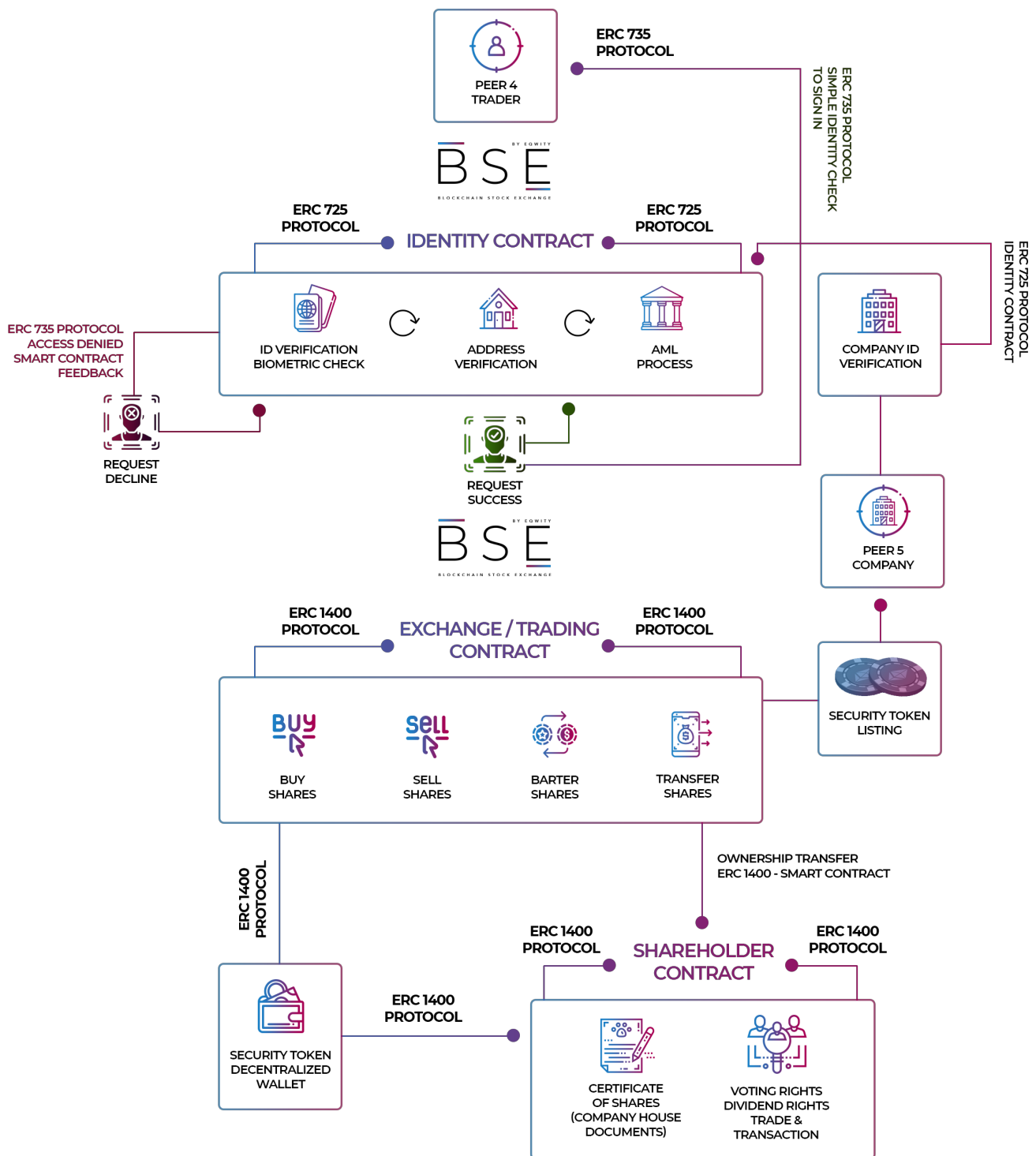
HI I'M SERENITY!

Serenity is an Artificial Intelligence integrated to Community Voice DApp. As a Smart Assistant, Serenity will guide and teach the basics in business decision making to beginners. Serenity will integrate a machine learning process that will allow her to help investors understanding potential consequences of their decision impact through predictions.

Serenity will also have a role of presenter within Community Voice DApp, her voice will be heard for notifications, results or when a shareholder will need any help.

¹⁹ <https://medium.com/coinmonks/voting-and-governance-in-security-tokens-1e3d041dabb8>

- **D° BLOCKCHAIN STOCK EXCHANGE: LET'S TRADE DIGITAL ASSETS!**



After every STOs, thousands of investors around the world will receive security tokens. Unfortunately, at the moment shareholders do not have the opportunity to trade these digital assets in view of the lack of a secondary market.

Blockchain Stock Exchange is the world's first digital asset exchange dedicated to most capitalized Blockchain companies. Blockchain Stock Exchange introduces two new indexes in the market: BSE30 & BSE500.

The first index, BSE30 will list the thirty most capitalized blockchain companies having tokenized their shares. The second index, BSE500 will list the five hundred most capitalized blockchain startups.

The market is slowly switching to security token trading. That's why we aim to be at the crossroad of this change, for helping all projects funded via our STO+ Platform to get their first liquidity in a secondary market.

Moreover, the doors will be as well opened for companies having already offered security tokens outside of Eqwity ecosystem. Blockchain Stock Exchange allows a streamlined compliant process from issuance (using the same protocols deployed for the STO+ Platform) to secondary market trading.

To best serve new security tokens issuers entering the market, we offer an all-inclusive solution including the security token issuance and compliance followed by its automated listing on Blockchain Stock Exchange.

Finally, BSE will provide superfast transactions processing for issuing smart contracts to record all transfers of ownership and ensure a real-time update of company registers. All transactions could be done through fiat currencies, cryptocurrencies or security tokens barter.

- **E° THE BLOCK: THE WORLD'S FIRST STO-ORIENTED ACCELERATOR PROGRAM**

The Block is the world's first STO-oriented accelerator program dedicated to project teams preparation for entering the STO market. It aspires to introduce fundamental notions to take into consideration for succeeding in this emerging market.

These last two years, we noticed a very low post-fundraising survival rate of blockchain startups, hundreds of projects could be considered as dead because they didn't materialize any product fitting any market!

Thanks to a 4 months mentorship program, The Block will help promising teams to reach a product market fit, find a viable business model and prepare their Security Token Offering.

- **Building Success**

The Block main objective is to reduce the high rate of failing projects caused by lack of preparation, strategic mistakes, absence of financial sustainability plan, or other issues related to start-up launch.

- **Mentoring**

The Block aims to give the chance to disruptive ideas owned by non-ready teams to emerge within the industry thanks to a great mentoring program designed for blockchain projects.

- **R&D Lab by The Block**

An Integrated R&D Lab will be set up in The Block facilities to help international researchers, innovators to make real their disruptive ideas. An in-house Patent Office will allow to protect all innovations having emerged within our facilities. The objective is to favorize the emergence of the next generation of blockchain technologies for making the industry stronger, better and adopted at a large scale.

- **Reversed Program**

The Block will create the first "Reversed Program". In one hand, many innovators have a good idea but do not have the right squad for propelling it. In another hand, many talents are unexploited around the world. So, for creating a perfect match between innovators and talents we'll launch the first program aiming to form custom teams for propelling a disruptive idea related to blockchain technology.

UTILITY TOKEN

EQY ECOSYSTEM	Founders	Investors/Traders	Auditors
STO+ Platform	Submit Project (hold: 10,000 EQY)	Pay community listing fee (cost: 1 EQY/Vote)	Participate to an Audit (deposit in EQY), Receive Rewards in BTC or ETH
Community Voice	Pay voting fee (cost: 1 EQY/Vote)	Pay voting fee (cost: 1 EQY/Vote)	
BSE	Pay listing fees	Pay Transaction Fee	
The Block	Pay all services in-house		

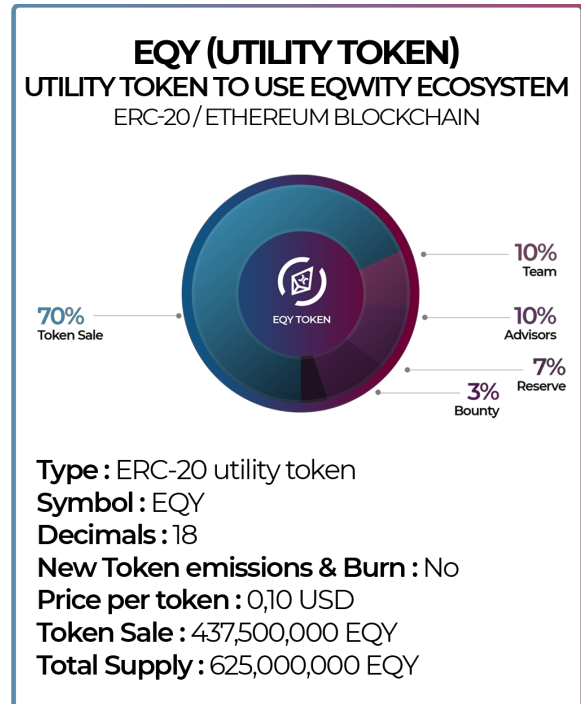
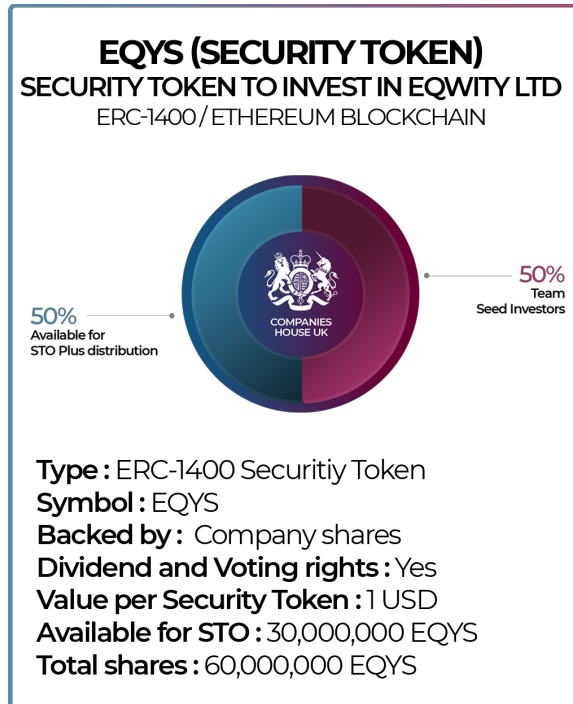
BUSINESS MODEL

STO+ PLATFORM <ul style="list-style-type: none"> → STO+ Public Offering Success Fee → STO+ Trading (Collected Tokens) → STO+ Securities Issuance/Compliance → STO+ Project Audit (PoV) → STO+ Premium Marketing Services 	COMMUNITY VOICE <ul style="list-style-type: none"> → EQY Tokens collected for each vote done within Community Voice DApp.
BLOCKCHAIN STOCK EXCHANGE <ul style="list-style-type: none"> → BSE Listing Fee (STO+ Projects) → BSE Listing Fee (External Projects) → BSE Transaction Fee → BSE Advertising Income 	THE BLOCK <ul style="list-style-type: none"> → The Block Fundraising Success Fee (Post-Accelerator Program) → The Block Trading (Collected Tokens) → The Block Project Dividends/Exit (Collected Shares)

ROADMAP

<p>Q3 2019</p> <p>STO Plus Platform - Beta Release Community Voice - UX/UI</p>	<p>Q2 2020</p> <p>Blockchain Stock Exchange Beta Version</p>
<p>Q4 2019</p> <p>Community Voice - Beta Release STO Plus Platform - V1.0 Release</p>	<p>Q3 2020</p> <p>Blockchain Stock Exchange V1.0 Release</p>
<p>Q1 2020</p> <p>Community Voice - V1.0 Release Blockchain Stock Exchange - UX/UI</p>	<p>Q4 2020</p> <p>The Block - Opening Ceremony</p>


HYBRID DISTRIBUTION




FUND ALLOCATION

PRODUCT DEVELOPMENT 45%	MARKETING/BUSINESS DEV. 30%
MANAGEMENT/LEGAL 20%	EXCHANGE LISTING 5%


CORE TEAM




DANIEL VIEIRA
Chief Executive Officer




LAURENT GARROUSTE
Chief Operating Officer




VICTOR PEREIRA
Chief Technical Officer




LAETITIA BERTHET
Chief Marketing Officer




NICHOLAS NGAC
Chief Product Officer




FREDERIK PARAISO
Financial Controller




ROMAIN MELIS
PR Manager




SOPHIE PEREIRA
Senior UX/UI Designer



GILLES BONNEVEAU
Partnership Manager



GUILHEM LALAIN
Business Developer



BRUNA CRUZ
Digital Analyst

Daniel VIEIRA*Chief Executive Officer*

Since 2005, Daniel Vieira has built his career in the tech industry and startups world. As self-taught man, Daniel masters a lot of disciplines, from art to coding, without forgetting project conceptualization and business strategy. He got the opportunity to collaborate with various agencies and research initiatives around the world. From Paris to Tokyo, Daniel followed his passion for tech industry, during which he won some international contests.

When he discovered the blockchain technology, Daniel has been convinced that it'll be the next revolution after Internet. Attracted by this new technology breakthrough, he decided to focus his researches on issues avoiding the industry mass adoption. That's what gave birth to Eqwity ecosystem.

Laurent GARROUSTE*Chief Operating Officer*

Laurent is a versatile profile with experiences in various positions and companies. After being graduated in Business Administration, he started his career between Paris and Brussels as Internal Audit & Control Officer at Air Liquide; an oil & Gas big player. To strengthen his knowledge, he joined TNS (Transaction Network Services) as EMEA Financial Planning & Analysis Officer. Always interested by entrepreneurship, Laurent founded in 2012, an online media specialized in marketing and communication as well as a consultancy company. As a veritable all-rounder, he took an interest in drone technology and became Operations Manager at DroneVOLT, a company listed on Paris stock exchange, specialized in civil drones manufacturing. In same time, he also discovered the bitcoin revolution as crypto trader, and became a real blockchain enthusiast.

Victor PEREIRA*Chief Technical Officer*

With 20 years of experience in network and systems administration, Victor Pereira has been able to take on any type of challenge in his field. As most recently, as Director of IT, he brilliantly managed an infrastructure managing the sensitive data of more than 3,000 employees. During his career, Victor has managed numerous technical teams and worked with renowned partners such as Orange, Bouygues Telecom, Kyocera Mita, Canon, HP, Dell, Cisco ...

He quickly took an interest in blockchain, which allowed him today to master the creation of semi-decentralized and decentralized infrastructures allowing the hosting of blockchain networks.

Laetitia BERTHET*Chief Marketing Officer*

Graduated in Marketing & Communication, Laetitia has served various renowned agencies such as OmnicomMediaGroup, Dentsu Aegis Network, Ignition One, Hi Media and Lagardere Publishing. Over the past 5 years, she moved from communication-oriented position to digital strategy; and had the opportunity to manage multi-million dollar budgets for her clients. As an early-adopter of new technologies, she quickly discovered the blockchain industry and the serious challenge behind. Since then she follows closely all news about blockchain regulations, especially regarding the ICOs market.

Nicholas NGAC*Chief Product Officer*

Nicholas Ngac has over 8 years of experience of project management in complex digital environments. After being graduated in Digital Project Management, he began his career working as an e-commerce consultant in a start-up and evolved in larger organizations performing as a Digital Project Manager consultant for renowned companies like Louis-Vuitton or Philip Morris International. Nicholas is also a certified Scrum Product Owner (Scrum Alliance) and a certified User Experience Project manager (Axance). By joining Eqwity as Chief Product Officer, Nicholas fosters an environment of teamwork and ensures that planification strategy is clearly defined according to the roadmap. His strong communication and soft skills enhance process-driven management philosophy.

Guilhem LALAIN*Business Development Manager*

After being graduated from a master's degree in international business, Guilhem served as business developer in various sectors for 8 years. He quickly discovered the exciting world of the Blockchain in 2014, attending all meetups and conferences in Barcelona, he established a large network within the community. He rapidly jumped on ICO investment and crypto trading with good returns. As a real blockchain enthusiast, Guilhem joined various crypto communities and participated in the translation of interesting projects like Bitcoin.org or Bitshares via Transifex. He also was one of the first to successfully complete "Bitcoin 101" on Cognitive Class (IBM Community Initiative). Guilhem is daily absorbing as many useful information as possible about that ever-evolving environment. Convinced that blockchain will revolutionize the world after reaching mass adoption, he always wanted to join a really useful project for the industry, that's why joining Eqwity initiative came naturally for him.

Romain Melis*PR Manager*

Political sciences and law graduate, with masters' degrees in business law and international business. From Paris to Dubai, passing by Bali, Romain has sharpened his skills both in business development, social media and marketing strategy during its experiences as consultant. As fast learner, he quickly developed strong skills on his field allowing him to advise companies in various areas as recruitment, international development, advertising and supply chain. Currently based in Paris, Romain is also involved in e-commerce strategy development. During the last year's bullrun, he discovered the amazing world of crypto and blockchain. Since then, he closely follows all news, while interesting himself in community building related to blockchain industry. He was one of the first to join Daniel during his researches and decide to contribute in Eqwity ecosystem building for taking part of blockchain mass adoption.

Sophie PEREIRA DE BRITO

Senior Designer (UX/UI)

Trainer in commercial techniques and project management for 15 years, Sophie has developed a real passion for marketing and its practical applications in mobile devices. As a real self-taught woman, she managed various projects as community manager and graphic designer during her career. Sophie also helped in new service launch, with her recognized professionalism and rigor within every task assigned to her. She recently decided to join Eqwity initiative to contribute in shaping their corporate identity, and tomorrow in the UX/UI of the platforms consisting the ecosystem.

Frédéric PARAISO

Financial Controller

Frédéric Paraiso has held various strategic, financial and operational functions within global and start-ups companies across continents. In the field of Telecom and Fintech he has led numerous projects to completion including, scaling operations and financial planning, negotiating multi-million dollar deals with private investors and government officials as well as leading multi-country go-to market product launch. Frederik has a master's from Ecole Centrale d'Electronique in Paris and an MBA from Wharton & HEC. In her spare time, he volunteers with several nonprofit organizations, including J.A.K's Foundation the foundation of his Excellency, John A. Kufuor former president of the republic of Ghana.

Gilles BONNEVEAU

Partnership Manager

Gilles has worked over 10 years with BNPPARIBAS in Paris into different fields such related to Wealth Management and Finance. Few years ago, Gilles has decided to come back to the United Arab Emirates where he partially grew up. He joined His Excellency Mohammed Khalifa Bin Yousef Al Suwaidi at Bin Yousef Group as Owner Representative, handling His Excellency's various businesses worldwide. Simultaneously, Gilles holds a position of Middle East Director with the law firm CW PARTNERS based in Geneva. The region being very dynamic regarding the blockchain technology, Gilles naturally decided to be part of this new revolution by joining the Eqwity team as Partnership Manager.

Bruna POLLONI CRUZ

Digital Analyst

Bruna holds a bachelor's degree in Business Administration and a postgraduate degree in Communication Management in Digital Media. She worked as Marketing Analyst in GOL's Loyalty Program, Smiles, for 2 years. She joined GOL in 2014, also in the Marketing area. In her more than 9 years of experience in Digital Marketing, she has worked on projects focused on usability and e-commerce performance improvements. Today, Bruna currently acts as a Coordinator of the Loyalty Program for small and medium-sized companies in the Commercial Directorate, being responsible for all program management, customer acquisition and activation, development of the relationship rule and communication actions.

ADVISORY BOARD



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STO Advisor



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FRANCK LALOUP
AI Advisor



JEAN CHANAY
KYC/AML Advisor



DIAWO KEBE
Marketing Advisor

THEY'RE BUILDING IT WITH US



EQWITY (EQY)

WHITEPAPER

ENGLISH VERSION 2.0

