

What is an STO and why your company needs help?

TOKIO, JAPAN, December 22, 2018 /EINPresswire.com/ -- STO, or Security Token Offering, is a term that has been spoken these days like the gospel – with reverence. And with good reason. After ICOs revolutionized fund raising through its simplistic nature and global appeal, the apprehension of impending regulations forced entrepreneurs to look at different ways to both, raise funds without too much hassles and also be compliant with present and future laws. And STOs fit the bill almost perfectly.

What are security tokens?

Security tokens are backed by an external, tradable asset, say like gold, or oil or even real estate. Unlike utility tokens, that find their usability limited to only gaining services on a particular platform, security tokens offer a “piece of the pie” to the investor. That piece could either be equity, voting right, promise of a profit, etc. And the best part of it all is that ownership is confirmed through blockchain transactions, which are immutable and permanent.

Security tokens are subject to federal regulations, and thus, an STO (which is pretty similar to an IPO) has to comply to Reg D, Reg A+ and Reg S.

Using Regulation D, an STO can avoid registration with the SEC, provided it fulfils certain criteria. Regulation A+ allows the company to offer security tokens to a group of non-accredited investors and Regulation S comes into play when the STO is executed in a country other than the US.

STOs will go a long way in bringing credibility into the crypto market that was shaken with a lot of scams in the ICO space. The strict adherence to regulations and the money involved in filing requirements with regulatory authorities like the SEC will deter unscrupulous operators from scamming people.

Why should companies look at STOs favourably?

STOs combine the raw power of ICOs complemented with stricter regulations, leading to a high degree of accountability. While this is an advantage in protecting investor interests, it is also beneficial for the company trying to raise funds through the STO route. Let’s take a look at some of these.

- Gain access to global capital

Gaining access to a pool of global, high-net worth, accredited investors has been a costly affair and out-of-bounds for small companies. The underlying technology behind STOs can break these borders and can attract a broader investor base, while increasing brand awareness.



- Better terms and control of ownership

Unlike traditional ways of raising funds, where entrepreneurs have to give up a board seat or substantial equity to funders, STOs offer better terms to founders. This puts the management in a stronger position and gives them free reign to pursue their vision without undue interference from funders.

- Lower entry cost

An STO can be used to tokenize an almost limitless number of real world assets. This means that smaller companies can easily raise funds from a global pool of investors without having to spend a mini-fortune, especially on legal fees. Security tokens have compliance integrated into them inherently and thus companies do not have to engage legal assistance in every country where they wish to attract investors from.

- Value addition for token holders

Companies can create more value for their security tokens by adding utility token-like features – give discounts or other benefits – to their tokens. These added benefits can go a long way in attracting people to buy and hold these tokens that eventually increases their price in the long run.

So is an STO the right option for you?

If your company is operating a global business and expects high growth, you should consider an STO to raise funds for a massive scale-up opportunity. For this, you should prefer to issue a transferable asset and should be ready to start a process that will bring you much closer to your stakeholders.

However, running an STO is different ballgame and which partners you bring in can mean the difference between making or breaking it. An STO is a new and evolving concept and you need experts who understand the intricacies of this process. [Platinum](#) is a global company that has been at the forefront of the blockchain movement. We are now bringing our expertise and experience into assisting businesses to successfully run their STOs. With offices in Minsk, Kiev, Moscow, Seoul, Singapore, Shanghai, Bangkok, Tokyo, Yangon, Colombo, we have assisted more than 700 projects in different capacities and helped raise in excess of \$200 million.

From marketing, global PR, outreach, consulting, legal and all other aspects, Platinum, with its diverse team of more than 110 experts, can help your project create the perfect fundraising strategy and also deploy it successfully. We have our hands firmly on the pulse of the market and are well-placed to run your entire STO show.

For more information on how we can leverage our market insight to help you, visit our [website](#) and get your free, zero-obligation consultation today!

Mike Graigham
Platinum
+7 9166533896
[email us here](#)

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