

Five reasons why STOs will rule the crypto future

TOKIO, JAPAN, December 25, 2018 /EINPresswire.com/ -- Security tokens, or asset-backed tokens, are getting a lot of interest these days in the crypto space. And not without good reason. They offer a dynamic and compliant way to raise funds, a process that was started by ICOs that raised upwards of \$27 billion in the last three years. Experts are already predicting that the STOs will be a multi-trillion dollar market in the next few years.

So what is it that make STOs the new darling of the crypto space? Let's find out.



Security tokens possess intrinsic value

Unlike utility tokens that find their usability limited only to the platform for which they were created, security tokens have inherent value in the form of equity/debt position, dividends, profit share, voting rights, among others. This means that when you buy security tokens, you get a promise of legal rights to ownership of the intrinsic value in the company that is issuing them.

Security tokens are inherently compliant

Since the tokens issued by a company are classified as "securities" they have to comply with security laws, especially in countries that have a US-like regulatory setup. However, security tokens go one step ahead because compliance is inherently integrated within them since they are smart contracts. These smart contracts can make security tokens self-regulating and can execute transactions, enforce its terms and satisfy financial requirements.

Security tokens offer clarity and transparency

Security tokens take investor protection to the next level with a high degree of transparency with regards to the information of the issuing company, the number of tokens issued and sold. While utility tokens may allow unscrupulous players to take advantage of the crypto craze and attempt to scam investors, security tokens protect investor interests. The high level of regulatory compliance and high fees discourage fly-by-night operators from offering tokens in a bid to scam investors.

Security tokens can be recovered

The dangers of losing cryptocurrencies in digital wallets are real. The absence of any recovery feature in the virtual assets environment have caused many investors and crypto enthusiasts millions of dollars. However, a carefully constructed STO can reissue tokens to holders in the event of loss of original ones. This is a great example of how much protection security tokens offer investors as a result of its high degree of compliance.

Security tokens emphasize heavily on KYC and AML protocols

As a result of their inherently compliant nature, STOs adhere strictly to relevant KYC (Know Your Customer) and AML (Anti-Money Laundering) guidelines issued by regulatory authorities. By creating terms and conditions within the smart contracts that disallow transfer of security tokens to ineligible investors, STOs can substantially reduce the risks of non-compliance to KYC/AML protocols for the issuing company and increase success rate of legal enforcement.

For the first time, regulatory authorities and the crypto community are seeing eye-to-eye on one aspect. STOs, with their compliant nature, are being looked at favourably both by regulators and blockchain ventures wanting to raise funds, without the hassles and high costs of an IPO. However, the legal intricacies of running an STO can easily overwhelm companies who have no experience in such processes. This is where a company like [Platinum](#) can help.

Platinum is a global leader in consulting services for STO/IEO/ICO/Post ICO. With offices in Minsk, Kiev, Moscow, Seoul, Singapore, Shanghai, Bangkok, Tokyo, Yangon, Colombo, we have a diverse and expert team of 112 specialists. We provide an extensive range of services – marketing and PR, management, consulting, programming, cyber security, education, legal advisory and much more. Having advised more than 700 projects and having helped raise in excess of \$200 million in funds, we are extremely well placed to strategically plan your company's STO and run it successfully.

To know more about our consulting services, visit our [website](#) where you can also get a free, no-obligation consultation and project review.

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