



Developing an innovative digital format for investment products and fundraising

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| In a few years' time, somewhere in the world...

* * *

Sam reads a social media post about a company starting an exciting project within the self-driving car industry and raising money in return for its shares. He checks it out and decides to give it a try with a small amount of personal investment. He easily locates one of the many points on the internet where this investment can be bought - in fact, the technology advanced so much that the purchase window can be right within the blog he reads. It is easy to verify that this is not someone impersonating the company - all the tools for that are available. With the crypto wallet connected to the website, Sam soon receives his shares. They are *visual*: stored in his crypto wallet, but as pictures - very similar to digital art NFTs of the 2021-2022 craze which then subsided. There are beautiful futuristic cars, different ones for different share denominations. Every day the pictures in his wallet change a bit and show how the company is doing. It is so easy to understand what is going on with his investment. If ever dividends are to be dispensed, they drop directly into Sam's crypto wallet, in a stable crypto currency.

He displays the token's picture on his social media page to signal that he is a proud investor in the new tech. Other people who did the same are easily located and form a discussion community around the car tech company.

When he wants to sell a part of his stake, there are dozens of low-cost peer-to-peer platforms available to list his offer on the internet. If he wants to gift one share to his girlfriend, all he has to do is scan a QR code on her phone, and the beautiful picture appears in her wallet a few minutes later.

His dad once said that a long time ago one needed a broker, a bank and a thing called depository to buy such company shares. Sam can hardly understand why it had to be so complicated.

* * *

Jane supports a non-profit group which aims to save foxes from predatory illegal hunts organized from time to time in the countryside. The group needs money to raise awareness of this issue.

She turns to her photographer friend who has a cool collection of fox pictures and short videos. Using an online platform, she creates a series of NFT-like tokens, with fox pictures on them and a reference to her non-profit's appeal. Following her activity on social media, people start buying these visual tokens, and... selling them right away. These are not simple tokens - they are programmed to pass all their price to the non-profit's crypto wallet instead of the seller. So, people buy and sell them - as a kind of social game to support the anti-hunt cause - but not to pocket the sale money, as it all goes to fund the fox group.

Being interactive, the tokens display the progress of the fundraising and links to the group's reports and updates for the donors.

Now social networks are full of token pictures posted by people supporting the cause, and Jane is happy.



* * *

Robert, a celebrity and political figure running for the local Parliament, once observed a small propeller plane flying to and fro over the beach with some advertisement attached for all the beachgoers to see, and had an idea for his political campaign. He checked: the guy who owns the plane would run an ad over the beach 10 times for 500\$.

Addressing his followers, Robert issued a series of 'activist NFTs', of 50\$ each, which anyone could buy to support his campaign. As 'Bob for Parliament' tokens started circulating, the beach ad plane started making rounds with the 'Bob for Parliament!' slogan, funded by the token money. Tens of thousands of people became aware of the campaign over a few weeks which ultimately played a role in getting Robert elected. The tokens were showing the plane via video streaming, so people knew that their donations were put to work.

* * *

An introduction

The investment product industry is always looking for ways to sell more investments, to tap new audiences and markets. Businesses raising capital as well as not-for-profit fundraisers are seeking more efficient, faster and cheaper ways to obtain the required funding.

Within the domain of traditional, time-tested investment-raising formats (the securities market, the retail investment distribution/fundraising channels) **competition for the attention of investors** is intense.

In the past decade blockchains emerged as a new medium for financial interactions. More and more people are using 'crypto' for financial purposes, as its global adoption grows. Crypto's socially engaging and entertaining aspects, its inherently global outreach as well as very low financial and technical entry barriers open possibilities to more efficiently reach out to investors and funders. During 2021 crypto-curious people were introduced to NFTs - tokens linked to a visual image that could be a piece of art or a community membership symbol.

We develop **blockchain-based formats of financial instruments and interaction scenarios** that help professional investment operators and fundraisers achieve their business objectives.

Our focus is on visual formats that combine entertaining, highly engaging and socially viral features with financial content.

We help sell more investments, fundraise faster, tap new audiences and markets.

- We **package financial products** that are traditionally sold through securities trading infrastructure as well as blockchain-native investment products, into **innovative visual token formats**, such as NFTs. We design game, fun, viral social interaction features for more efficient investment promotion.
- We develop fundamentally **new blockchain-native investment products**.
- Our **investment token circulation infrastructure** turns the internet into a global investment marketplace. We also develop enhancements to existing online publishing formats to make them **usable for investment product promotion and sales** without triggering regulatory issues.
- We create **viral crowdfunding tools** that rely on peer-to-peer interactions with no need for centralized crowdfunding platforms.
- We develop solutions to verify the **authenticity of financial tokens** to make investing more secure.

Visual, entertaining, highly engaging
investments on blockchain

+

Robust verification tools

+

A network of decentralized
trading platforms

=

Multi-trillion \$ global investment
market for the new generation

Size of the global investment market (2024)
> **115 trillion USD** *

Share of direct retail investment ~ 10% (estimate),
i.e., ~ **11.5 trillion USD**

Even if 10% of this retail volume moves to new formats, it
creates a ~ **1 trillion USD** market for such investments.

** Source: 2024 Capital Markets Fact Book, by SIFMA*

Glossary

Blockchain

A database maintained in a cryptographically secured format by economically interested operators on multiple servers on the internet. Records in the database are entered by the consensus of operators in such a way as to make the database (at least in theory) tamper-proof. Blockchains differ in structure and depth. Certain blockchains (like Bitcoin) only record values across addresses in the ledger. Others (like Ethereum) can record not only values, but program logic (executable code). Blockchains where value units entered into the ledger have consensual, generally recognized value, are similar to currency systems and banks: a user controlling an address in the ledger (similar to a bank account) can move recorded value units to another address (like sending a bank wire), thereby effecting a settlement. Blockchains where units have a generally accepted value may be used as a global system for settlements and investments: we call it “**the Bank of the World**”. Blockchain units are not just like money - they can be smart (programmable) money thanks to the ability of blockchains to host automatically executable transfer logic (smart contracts).

Placement and trading venues

CEX	A crypto asset exchange with centralized management, typically (although not necessarily) regulated. CEXs operate a common pool of assets and a matching engine, and offer asset custody to their users. Centralized exchanges usually refrain from listing assets which have securities-like characteristics to avoid the argument on requiring a securities exchange license.
DEX	A decentralized crypto asset exchange, where (allegedly) no central management exists, and interactions between users occur strictly peer-to-peer. Users can usually create their own trading pairs, and those assets may be securities-like.
Launchpad	A recently coined term denoting any online platform (which may or may not be a CEX / DEX) where initial offering of tokens can be organized.

Investable units on blockchain

Token	A programmable unit (module) existing on a blockchain and representing value (however subjective). The term is often used interchangeably with ‘coin’, the latter being more on the marketing and not the technical side.
Security token	A blockchain token which represents an investment having securities-like features (e.g., equity, debt or financial contract).

The term 'security token' is mainly used for tokens that are intentionally issued as regulated securities.

Utility token

This term has a very blurred meaning. Laws in some countries ascribe it only to a narrow class of tokens that entitle their holders to some utility, with no investment-like characteristics. However, the current practice of 'token sales' categorizes most of the tokens as utility ones, in a bid to avoid regulatory scrutiny.

NFT

'Non-fungible token', a token format where certain content or link to the content is embedded into the token's program logic. The format gained fame in 2021 for its use in trading digital pictures on the internet.

DAO tokens

Tokens representing rights and entitlements in relation to a DAO [Decentralized Autonomous Organization]; such entitlements may include profit sharing and voting on certain matters (called, 'governance').

Investment placement formats on blockchain

ICO

Initial Coin Offering. A (typically, public) placement of investable units in the form of generic tokens (ERC20 standard, on Ethereum and compatible blockchains). Unregulated in most cases.

Tokensale

A generic term for the initial sale of tokens (privately or publicly) as investments.

STO

Security Token Offering. A legally compliant placement of security tokens.

IEO

Initial Exchange Offering. An offering of tokens (purportedly in compliance with law, as utility tokens) on a CEX (centralized crypto exchange).

IDO

Initial DEX Offering. An unregulated primary sale of tokens (utility or other) on a DEX (decentralized crypto exchange).

INO

Initial NFT Offering. Currently a term whose definition is only being shaped. Refers to an initial sale of a series of NFTs.

IGO

Initial Game Offering. An offer of online game's items or the online game's native tokens prior to the launch of the game.

| We are banking on the continuance of crypto adoption

Crypto adoption is a global trend. Although some countries attempt to restrict their residents from interacting with the crypto world and from investing into crypto instruments, the global trend is firmly on the path to wider acceptance of crypto.

Blockchains are perfect media for natively borderless financial interactions. The name of our team - ***The Bank of the World Labs*** - underlines the concept that blockchains have created a global financial and investment market which can be accessed from anywhere by anyone with a crypto wallet.

Crypto growth in 2024, a factsheet

Cryptocurrency

- The total cryptocurrency market capitalization reached **\$3.25 trillion** by the start of 2025.
- Research by *Chainalysis* suggests the global cryptocurrency user base **increased by 34%** from 2023 to 2024.
- This is in part driven by **mass adoption in emerging markets**. *TripleA* now estimates 100 million crypto owners in India, the most of any country and approximately 7% of its population. Numerous other developing countries have seen huge spikes in adoption (Vietnam, Pakistan, Ukraine etc).
- As of 2024, the total number of cryptocurrency owners surpassed **562 million** globally.

DeFi (decentralized finance)

- Total value locked (TVL) of cryptocurrency in DeFi was **\$115 billion** as of May 2025.
- DEXs continue to handle massive volumes. Solana-based DEXs saw daily trading volume near \$3.8 billion on January 6, 2025. Raydium, a leading Solana DEX, saw its 24-hour trading volumes increase more than 10 times during 2024, from \$180 million in January to over \$3 billion on December 31, 2024.
- The overall 24-hour trading volume across all DEXs was approximately **\$14.8 billion** as of May 2025.

NFTs and dapps (decentralized applications)

- In 2024, DappRadar reported 24.6 million daily unique active wallets (dUAW) across all dApps. Specifically within DeFi, daily UAW saw a 532% growth in activity, reaching 7 million by Q4 2024. Blockchain gaming dApps alone accounted for 7.4 million dUAW by the end of 2024.
- While NFT trading volume remains below its 2022 peak, it was nevertheless substantial at \$13.7 billion in 2024.

Evolution of financial instrument formats and fundraising channels has just turned into a revolution

Developed in the past ~100 years:

Instruments

- Private investment contracts
- Investment into private companies
- Securities and other financial instruments - OTC or negotiable in public markets

Primary offering

- Private placement
- Various restricted offerings
- IPO

Markets and trading

- Private / restricted secondary market deals
- Various trading platforms, MTF/OTF (EU), ATS (US)
- Exchanges

Developed in the past ~5 years:

Instruments

- Generic tokens (ERC20)
- Security tokens
- NFTs as investment tokens (developing)
- DAO tokens (where DAO functions as a crypto-native investment fund)

Primary offering

- ICO (unregulated)
- Tokensale (structured via utility tokens)
- IDO (initial offering on a decentralized exchange (DEX))
- IEO (initial offering on a centralized exchange (CEX))

Markets and trading

- Private sales, peer-to-peer transactions
- Centralized crypto exchanges (regulated or unregulated)
- Decentralized exchanges (DEXs)

A drastic reshaping of popular investment instrument formats and distribution tools is just starting.

| Our Vision

- Crypto adoption is growing and will continue to grow. Therefore, more and more people will be **interested in investing *within* the cryptosphere and *through* the cryptosphere**.
- Blockchain-based investment instruments offer many benefits to retail investors: elimination of a need to use a broker or a bank; easily investable; pseudonymous and anonymous investing is an option; direct access to investments existing in the cryptosphere etc. These **benefits will drive the mass adoption of various blockchain-based investment formats**.

It will soon become common for the issuers of investment products to **distribute the same investment product in several formats**: part – in the traditional way for corporate and traditional retail investors, and part – in innovative formats for crypto-friendly retail investors.

We know precisely when the quantum leap into large scale adoption of the new formats which we are developing will happen. Say, there are two identical financial products: one is issued only as a traditional security and the other has a part of the issue in visual, interactive, fun-to-invest tokens. When it becomes evident that the second product helps **introduce it to a brand new audience of investors**, the mass adoption of the new formats by issuers, investment promoters and fundraisers will be a matter of months.

Our primary focus is on the creation of **formats with rich functionality** which can be deployed across a wide spectrum of platforms and media. We do not specifically aim at integration of such formats with investment trading apps, but as the new formats will gain popularity, we believe that the trading app companies may be interested in such integration.

| What if...

- ...the *entire internet* could be a decentralized investment marketplace and an investment raising launchpad?
- ...investment instruments could be visual and interactive, not just lines of text in the trading app?
- ...crowdfunding could happen *by circulation* of its instruments, with viral social interaction?
- ...investing and crowdfunding could be much, much more fun?

Rational and emotional aspects of an investment instrument

Rationally, the investor wants **the investment** to fulfill his or her financial objectives, be it successful speculation or long-term preservation of value, or something else.

Emotionally, **investments** may be appealing if they are socially engaging (make the investor a part of a meaningful or just fun community), if they give reasons to expect a very high return (greed), seem to be already making other people rich (so called, FOMO), accord a certain social status etc.

Rationally, the investor expects the following from an **investment format**:

- Easy to buy (online trading apps are at the forefront of this, for ordinary securities)
- Easy to hold (again, online trading apps offer ultimate ease of 'ownership')
- Secure ownership (retail public rarely appreciates the true mechanisms securing ownership, so this is mostly about *feeling* secure)
- Easy to sell (liquidity is key; apart from that, online apps are topping any other formats in ease of sale).

Emotionally, the following will add appeal to an **investment format**:

- Visual
- Interactive
- Socially engaging
- Accords social status
- Game elements (e.g., competition)
- Rewards
- Elements of chance & intrigue
- Fun to buy, hold and sell
- Socially meaningful, supporting a good cause

*Our technologies **add appeal** both to investments and the way they are bought, owned and traded away.*

| Technologies we are developing

- Using the format of tokens with a visual element (e.g., NFTs) as **instruments representing investments**. The visual element stays as an illustration (static, dynamic or interactive) to make the investment more engaging. Experimenting with adding a visual element to various other token formats.
- Introducing the technology to fund causes (crowdfunding; charity; activism; religion; viral flashmob-style fun etc.) by the resale of visually enhanced tokens.
- Developing templates for web platforms anyone can deploy which will create a **decentralized investment showcasing and trading infrastructure** on the internet. The availability of such a network will be a major driver of adoption of the new formats.
- Developing web tools to enable the sale of innovative-format investments through various internet media, not natively designed as financial platforms (e.g., social interaction websites).
- Building a system to authenticate / verify the content and the provenance of financial products issued in crypto format to prevent fraud and other abuse. Deployment of such technology opens the gates to making any website an investment-selling platform, without the need for trust in the platform itself. The entire internet thus becomes a peer-to-peer investment marketplace.

| Who needs our technologies and why?

Who:

- companies raising capital, including early-stage startups
- fund managers / asset managers, both in traditional markets and in crypto
- investment promoters
- private and corporate seekers of crowdfunding
- activist fundraisers for a cause
- developers of any crypto project raising funds from the community

Why:

- to sell the investment product to a brand new audience of investors
- to increase engagement & retention of existing audiences
- to enhance customer experience and interest, to reduce emotional barriers to investment products by making them more playful and tangible
- to create more loyal investor bases
- to make the investing process more intuitive and meaningful and thus more engaging, to reduce emotional disconnection from financial matters
- to be able to reach the global audience of investors and tap new markets.

| About us

FINVISIBLE is a product of collaboration between an experienced software development team and the investment industry incumbents with billions of dollars in serviced transactions over the past quarter century and an unparalleled wealth of experience in capital markets.

The IP of the products being developed is controlled by the dedicated legal entity, **Finvisible Technologies Ltd.**, based in the city of Nicosia in the Republic of Cyprus.

| Business model

The project is expected to generate the following **income**:

- commissions on **financial products created** with our tools
- income from the **distribution channels** launched with our participation
- income from financial products launched **in collaboration**.

Certain income streams collected in cryptocurrency may be routed into a DAO, where a wider participation of investors can take place.

| Partnerships

We expect to generate tactical and strategic partnerships with the following actors in the crypto and financial market industries:

- **Crypto asset managers** able to generate a comprehensive line of investment strategies for various risk appetites and objectives
- Developers of **cross-chain bridging solutions** (to enhance the liquidity of the investment instruments we produce and to integrate solutions enabling the investment into 'our' products with any crypto)
- **Marketing companies and networks**, native advertising & influencer marketplaces.

| Demand drivers

- There are currently **over 500 million** people with crypto wallets and crypto accounts in the world, and this number is growing fast. Investment sellers are anxious to **reach out to this audience**. We offer the instruments to do this with maximum engagement.
- There are millions of users of DeFi products, and the volume of capital locked in DeFi applications is over **190 billion USD**. **This capital is very fluid, it constantly looks for better investment**, so reaching out to it is a matter of offering a better product wrapped in a crypto-investable instrument. We develop those.
- The cumulative trading turnover in NFTs securing links to digital images and game items has exceeded **13 billion USD** (2024). The number of monthly active users on the most popular NFT marketplace, **OpenSea** averaged over 200,000 in the first five months of 2025. This audience - already familiar with NFTs - is most receptive to any new (in fact, having real intrinsic value) applications of NFTs. They are expected to be the **first adopters of NFT-based investment formats**.

| The Industry Consortium

As we are building, our ideas are exciting the curiosity of the financial industry.

To provide a discussion forum on the new formats which will change the financial industry in the near future, we are assembling a consortium of financial industry participants interested to follow the introduction of new investment distribution formats.

The members:

- test run the formats with real-life financial products
- test audience engagement and analyze feedback
- may choose to be the first to adapt the products to their business
- enjoy highest quality legal support in launching digital investment products into existing and new markets.

Visual tokens: gamified blockchain-native investment tools

There is an observable tendency in contemporary finance, particularly within the younger generation, that the border between investments and entertainment is gradually eroding. This phenomenon is sometimes referred to as the *gamification of finance*¹ / *gamification of investments*.

We believe that visually enhanced tokens such as NFTs ideally fit into this trend if one combines their entertaining properties with the **blockchain-secured ability to represent financial assets**.

NFTs themselves have already become investments: people buy them as valuable items with expectation (however illusory) that they should appreciate in market value. They are stored in the same crypto wallets as any other investable crypto. Adoption of NFTs as a financial format will be made easier since they have been already made popular - as the blockchain tools to secure links to visual art.

This visual element of NFTs in fact is the centerpiece of the idea to turn such visual tokens into an innovative investment instrument, **attractive beyond the substance of the investment it represents**. Company shares in the form of security tokens already exist and surprise nobody. Now imagine shares in a company in the form of NFTs, perhaps visualizing what the company is about. Or NFTs of fund units, whose attached pictures may be related to the theme of the fund or just be anything exciting for the fund's target audience. 'Green', 'eco', 'women empowerment' themed investments - visualization ideas are easy to imagine.

The technology of NFTs allows them to be interactively linked to some off-chain resource and not only a static jpeg. So, the NFT 'pictures' sitting in your investment wallet (like an app in your smartphone used to store your photos) can **display the development of the investment**, getting the information from an online source. All going well? 'To the Moon?' Market dip? Visual representations of the state of investments can be creatively developed - for each specific product.

This application of NFTs requires to look at them upside down. In 2021, the valuable item within the NFT was the jpeg, the token itself being just a tool to securely store the record of that jpeg on the blockchain and move it from address to address. In our scenario **the image is no more valuable than the float in fishing**: the real important thing is what's underwater (on the blockchain). So, the investment product issuer could design the pictures as freely as their creativity allows. The purpose is to **make the investment product more sellable**, particularly to the younger generation.

Like usual tokens, a **visual token** (which may or may not follow the NFT format) is a blockchain-secured, wallet-storable and wallet-manageable representation of an

¹ See, for example: <https://www.tandfonline.com/doi/full/10.1080/17530350.2021.1882537> 'Level up your money game': an analysis of gamification discourse in financial services, by Arjen van der Heide & Dominik Želinský. Journal of Cultural Economy, Volume 14, 2021 - Issue 6, pages 711-731

investment. Enhancing tokens with a visual element adds attractiveness to the investment it represents **beyond the substance of the investment** (adding a subjective element to the objectively evaluated information).

Various novel applications of visually enhanced tokens are actively being developed

Besides serving as a blockchain tool to move around links to art files on the internet, NFTs are now being explored for many other purposes², such as:

- securing rights to anything on a register, such as trademarks, patents, copyright records etc.
- securing rights to audio-visual pieces (a number of projects where rights to music albums are represented by NFTs have already been launched)
- ownership of virtual characters and other game assets (for online games and metaverses), enabling their easy trading on marketplaces
- fun collectibles beyond internet art (digital baseball club cards, for example)
- digital certificates of authenticity of any online material
- digital passports for any services or activity or community
- crowdfunding of creative projects.

NFT uses in pure finance and investments have not been widely explored yet. This is partly due to the fear of project creators and marketplaces to deal with online assets which may be considered securities and thus be exposed to legal risks and distribution restrictions.

However, relying on our strategic partners' solid background in securities issuance and distribution, we can craft products that are compliant with regulations in many issuance and destination jurisdictions. Thus, we are uniquely well positioned to **fill the niche** described above.

It is widely expected that the market which propelled NFTs into prominence - the digital art on blockchain - is soon going to be saturated, as more and more people who bought digital pictures on hype and emotional drive will not be able to sell them. It is now a good time to introduce **a more fundamental use for the already well-known format: investments which actually have value and generate income.**

² Attachment of a link to a picture or any other media file is **not an essential NFT characteristic**. Such tokens can and do exist without any art links attached. The ability to build unique program logic into it, to the contrary, is essential to the NFT.

Payment split functionality leads to a host of financial applications, besides representing investments

The main use case for visual tokens described in this paper is, of course, investments. This should guarantee a healthy revenue stream to the project's operators. However, there are other exciting applications of such tokens which should not be ignored and whose implementation can, **at minimum, raise the profile** of the new format and stimulate its adoption.

Through a combination of blockchain programming capability, NFT logic and the software on which the NFT marketplace runs, NFTs can be **programmed to automatically split their purchase price** to allocate a certain percentage of it to the original creator (by directing the corresponding cryptocurrency amount to the predetermined blockchain address)³.

This means that a host of **previously unexplored or underexplored financial applications** is open to NFTs:

1. **Crowdfunding by circulation.** Traditional crowdfunding is based on a one-to-one relationship between the funder and the funded entity. This is how all crowdfunding platforms are organized. NFT crowdfunding as it exists today is no different: NFTs are sold to funders by the funded entity, and they keep them.

To add social interaction and enhance the ability of crowdfunding campaigns to go viral, we are conceptualizing a different mode of using NFTs in crowdfunding. NFTs may be programmed to send all or the bulk of their purchase price to the address linked to the funded cause (instead of the seller) on each resale. Thus, the more an NFT is resold, the more the cause is funded.

The buyer can contribute to the funding of the desired cause twice: when he/she buys the NFT and then when selling the NFT onwards. The visual element which can be attached to the NFT will have no value as such, but will simply be a poster of the funded cause.

A crowdfunding platform with the function of collecting money and then passing it on to the recipient is not needed in this scenario⁴. The whole fundraising campaign can easily be organized via social networks and through viral and socially engaging token circulation.

2. **Charity funding.** Same technique as for crowdfunding-by-circulation. A charity will issue NFTs to be then bought and sold by willing contributors as much as they wish, in order to fund the charitable cause. Greater social interaction is attained. In order to let the funders who on-sold the charitable NFT to publicly manifest their participation, certain visual elements of such NFTs can remain in the hands of each seller (which can be posted on social media platforms).

³ Although legally such kickbacks can hardly fit the definition of 'royalties' in copyright law, the term 'royalty' stuck to them, and we will use it here, albeit in inverted commas.

⁴ And not that it is ever desired: present-day crowdfunding platforms are notorious for censoring the causes for which they can collect money. Just check the terms and conditions of the most popular ones.

3. **Alternative crowdfunding.** The crowdfunding platforms of today are very restrictive in what causes and objects they allow to be funded through them. NFTs can be used to overcome this: on the same principles as explained above, anyone can launch crowdfunding campaigns for *any* cause. Such causes can be personal, political or **flashmob-style fun**. Flashmob tokens.

4. **Religious causes.** Religious charitable giving, such as *Zakat*⁵ in Islam, can easily be done by the circulation of NFTs programmed to route the purchase price to the known blockchain address of the authority figure who will publicly manage the incoming donations. Another example is a Christian custom of leaving some money in the church with a note asking to pray for a certain person. NFTs' program logic can include the transmission of messages along with funds.

5. **Multilevel marketing projects**, where legal, can be run on visual tokens programmed to reward the resellers with a cascading flow of cryptocurrency raised by subsequent resellers. Equally, any **commissions and introduction fees** can be built into the token logic to stimulate the distribution of products to which the tokens provide a link.

6. Visual tokens such as NFTs, because of their rich format and ability to be linked to smart contracts, can serve as **payment gateways** of any kind, for any purpose. NFTs + smart contracts are *programmable money, with visualization*.⁶

7. Visual tokens / NFTs can be an entertaining and socially engaging way to **invest into event bets** (sometimes called, 'prediction markets', to avoid gambling connotations). This sphere is heavily regulated in many markets, and the rollout of such tokens should take applicable regulations into account.

8. **Collectibles with income** (hybrid tokens). NFTs have demonstrated that people are willing to invest into blockchain-secured visual items for their (1) perceived aesthetic value, (2) community building potential, (3) social status signaling, (4) position in a collection (rarity), etc. We are creating a format where the visual element would be a collectible item in its own right, but a certain part of the token's value would be invested into an income-generating asset. Thus, the owner gets the best of both worlds - a collectible art piece with an income stream.

⁵ <https://en.wikipedia.org/wiki/Zakat>

⁶ Many NFTs linked to digital art now guarantee a mandatory percentage of the price paid as a 'royalty' to the original minter (author). If one can program a purchase price split into the NFT for 'royalties', this naturally means that **any payment distribution logic can be programmed** into the NFT. NFT is simply a blockchain token with rich logic built in, which can easily contain a payment split.

Enhancing the token functionality

Most of the NFTs in circulation today offer the following **basic functionality**:

- contain an embedded link to an unchangeable file, typically stored on a decentralized file storage system, such as IPFS
- may contain logic to support the split of payments received for the NFT (provided that the blockchain / protocol / interface software supports this function)
- may or may not be freely transferable outside the platform where tokens were minted

The following **additional functionality is required** to utilize the full potential of this format to represent investments and financial interactions:

- the image attached to the token should be able to display dynamic content from an off-chain source (e.g., market price info, alerts and announcements)
- NFT images may be interactive to enable the owner to access certain functions of the investment with ease (interactive NFTs exist now but are extremely rare)
- payment split logic needs to be fully secured to prevent token transfer bypassing it.

Clear standards of product terms will benefit adoption

Financial instruments issued within traditional investment markets benefit from the availability of universal documentation standards which enable investors to understand their characteristics and terms. Industry practice and regulation have developed templates for offering memoranda, prospectuses and abridged product description forms (such as PRIIPS KID under EU legislation).

However, when buying a DeFi strategy-linked token or a DAO token, investors are typically left in the dark as regards the full set of its terms. Whitepapers may be helpful, but often lack essential data. Research of smart contracts is a privilege available to programmers who know Solidity and other coding languages, but not to common investors.

What is the term of the investment? Is it redeemable (automatically through a smart contract, or as an obligation of the issuer)? Is there a legal entity whose obligation the token represents, or is the entitlement based only on code and a decentralized protocol?

The ability of investors to review a standardized set of terms for a particular token-based investment (an **investment product passport**) should enhance the popularity of this format.

As part of the overall project, we are developing an easy-to-use standard of terms for tokenized investments of the variety described in this document and plan to make it widely available to support the adoption of our new generation investment instruments.

Examples of investment and financial products that can use the form of visually enhanced tokens

Both traditional and blockchain-native investments may be represented by tokens. For various reasons we refrain from calling them 'security tokens', as this term is mostly used to denote tokens issued under specific securities laws and thus has a narrower meaning.

Below is a non-exhaustive list of financial products that can benefit from being packaged into visually enhanced tokens:

Instruments acquired with expectation of financial benefit

- Equity of a traditional legal entity entitling to a share in its capital, dividend income and, optionally, voting rights. [This is already happening: a Mexican soccer club tokenized its minority share on NFTs in 2021]
- Shares in asset pools, projects and businesses that are not legal entities and that exist only in blockchain-native formats (DAOs, protocols), entitling to a share in assets and/or income; may accord voting rights, other entitlements and privileges [A number of DAO tokens are known to be issued in NFT format]
- Units of collective investment schemes (investment funds) in traditional legal formats (incorporated funds with shares; segregated SPC cells; unit trusts; limited partnerships; collective asset management contracts etc.)
- Private asset management contracts, represented by a unique token
- Units of asset pools ('strategies') invested into crypto assets:
 - Strategies in DeFi (active management)
 - Strategies in DeFi (relatively static strategies, e.g., staking in specific protocols)
 - Arbitrage strategies across several crypto trading venues and markets
 - Active management of crypto assets and their derivatives, typically, on crypto exchange accounts
 - Algorithmic management of crypto assets and their derivatives
 - Early investing into crypto projects (pre-sales, private token sales) (may be of limited liquidity)
 - Mutual funds of various tokens with a growth potential (may be of limited liquidity)
 - Mutual funds investing into NFTs (may be of limited liquidity)
 - Thematic token funds (metaverses, games, DAOs, infrastructure, DeFi governance tokens, fiat-linked synthetic instruments, tokenized fiat assets, meme coins etc.)

- Tokenized shares (fractional ownership) in real world assets (e.g., real estate and art objects)
- Tokenized shares in crypto assets (e.g., high value NFTs)
- Fixed income instruments linked to an entity (business) or a DeFi protocol
- Hybrid instruments entitling to a share in income (current or on occurrence of an event) where a part of the income is routed to finance a cause - charitable, activist, entertaining, social, crowdfunding etc.
- Instruments entitling to a share in potentials gains from participating in a lottery or any chance game
- Instruments paying out a premium in the case of occurrence or non-occurrence of an event (event betting / insurance function / derivative)
- Prediction market tokens referencing (a) a financial event - like a derivative, or (b) a non-financial event (event betting).

Instruments acquired with no expectation of financial benefit

- 'Rolling tokens' to fund a cause - crowdfunding by circulation (each resale of the token sends the purchase price to an address dedicated to the funded object and not to the seller)
- Self-reproducing tokens (with each sale, on an event etc.) - for use in crowdfunding.

Hybrid instruments

- Collectibles with income (e.g., 50% of the token's value on placement is invested into an income-generating asset).
- Tokens allowing their holder (or their first holder only) to change the original picture with a personalized one and have it linked to the token throughout its subsequent circulation . Some of such tokens may end up as collection items.

How visual investment-linked tokens are superior to securities

Traditional securities follow a number of decades-long established patterns as to their content (the rights and entitlements they carry).

The format of investment instruments on blockchain (to which visual tokens belong) allows to enhance any investment instrument with additional options - for fun, social interaction and ultimately - to increase its investor appeal.

Blockchain token architecture allows to complement the basic investment content of a token (share in a business, entitlement to the economic effect of assets entrusted into management, units in asset portfolios etc.) with elements not native to the traditional investment industry.

Visual tokens can complement their investment content with:

- the visual element being a collectible in its own right
- elements of chance (e.g., lottery)
- a number of tokens within a series bearing a unique visual element, to make them more valuable and collectible
- superpowers (certain tokens within a series have special privileges and entitlements)
- a function allowing the holder to add a personalized visual to a particular token and keep it embedded there as the token gets sold on (e.g., as a privilege of the first owner)
- a tiered status system for investors into the same product, e.g., one of the first investors → more privileges.

Differentiating rights and entitlements within a single issue of classic securities is usually impossible: all the securities within a series must carry identical rights (*pari passu* principle). With tokens this is not a problem.

The entire internet can be an investment marketplace

The investment channels available now to an average retail investor are summarized below.

investment purchase and management channel, examples	assets available	how ownership is recorded and secured
traditional brokers - through mobile or desktop apps or websites ⁷ , e.g., <i>Robinhood, InteractiveBroker, E-Toro, Exante, Freedom Finance, etc.</i>	stocks & bonds, ETFs, options & futures, commodities, FOREX, CFDs etc. (usually limited to major exchange-traded and liquid) + some crypto assets (excluding those with obvious securities features)	guaranteed by the broker (investments held in the broker's name, may be held in segregated accounts)
crypto exchanges (apps or websites), e.g., <i>Binance, Coinbase, Kraken</i>	exchange-listed crypto assets, excluding those with obvious securities' features	through a website custodial wallet (crypto assets are held by the exchange)
security token marketplaces, e.g., <i>Securitize, tZero</i>	security tokens listed on the particular marketplace; free transferability limited to accounts approved by the marketplace	security tokens are a hybrid of blockchain tokens and securities supported by a centralized register. Tokens may appear in the owner's wallet, but their transferability depends on the centralized operator.
via crypto wallet by direct interaction with dapps, e.g., <i>Metamask → Uniswap</i> , or by connecting the crypto wallet to the front end of a marketplace (e.g., <i>OpenSea</i>)	almost any crypto assets can be acquired peer-to-peer; traditional stocks are available only through synthetic crypto instruments ('synths')	crypto assets in non-custodial addresses on blockchain, accessible through the crypto wallet

Each of the above investment channels has its limitations. Those are regulatory (if the operator of the channel submits to regulation), monopolistic (Apple's app store and

⁷ High net-worth investors can instruct their brokers directly, but we are not mentioning this here, as the products developed are geared at selling investments into the mass market.

Google Play stores have specific requirements as to what can and cannot be done through apps they list), and some may be technological (e.g., DEX investments technologically differ from everything else).

What is obvious now is that most retail investment is already being done online - either by managing an account funded by traditional money, or by using cryptocurrency held in a custodial or non-custodial crypto wallet.

Investments using a crypto wallet are becoming more and more common. The variety of investment products available by direct (p2p) purchase with crypto is growing daily.

We develop solutions that allow making investments through many channels which can literally be scattered around the internet or embedded into platforms for social interaction⁸. The purchased investments will appear in the crypto wallet of the investor.

With such completely decentralized approach to investment acquisition access points, a key challenge is to provide investors with robust verification tools for the provenance and the content of the investment instrument, to prevent fraud. We are developing those.

⁸ Social media applications and other hosted-content platforms are prone to censorship when it comes to allowing their users to post **investment promotion content**. This is not without a good reason: in many countries investment promotions are restricted by law, and rather than analyze each such post, it is easier for the platform to censor them altogether. However, many such restrictions can easily be addressed by supplementing the format of a public post with certain features, such as a 'question wall' (are you a qualified investor?) or a country-based IP address-blocking function. We develop a number of experimental platforms where preset formats compliant with relevant investment promotion laws (unavailable on major social and blogging platforms) exist for users to place investment promotion materials, sometimes with the investment sales functionality built-in. Such landing pages can be linked to from any popular social network or website.

Internet as a global investment marketplace: customer experience

1. Knowing about an investment



- Social networks and platforms
- Peer-to-peer and group interactions in messengers
- Other media

2. Locating a suitable point of purchase

- following links from sources above ↑
- embedded purchase functionality on certain websites
- search by unique ID via search engines
- specialized platforms & marketplaces * *[explained further]*
- the issuer's website (easy to locate)

3. Verification

Making sure the investment instrument is authentic, using verification tools

4. Buying with crypto

Must be easy to buy:

- easy interface of the purchase spot
- max. wallet compatibility
- ideally, buy with *any* crypto (not only the blockchain's native token)
- low commissions / gas fees - very important

5. Enjoyment and disposal

- investment secured by blockchain, manageable through a wallet / website
- displays the state of investment on the 'face' of the token
- interim income flowing to the owner's address
- easy to display for sale on multiple platforms

| Specialized platforms and marketplaces

We are developing the following templates to support the infrastructure for the circulation of visually enhanced investment tokens:

website template	functionality
an investment product issuer website	token issuance or continuous sale, token buy-back (redemption). Note that direct issuer-to-investor interactions (as opposed to intermediated transactions) do not constitute an 'exchange' under most laws.
a p2p marketplace / aggregator for NFT compatible tokens	a classic p2p marketplace, but fully supporting investment tokens (with settlement functionality)
an informational website (for prices and product info on multiple investment tokens) without settlement functionality	users willing to transact are directed to either a p2p marketplace, or an issuer website (for regulatory reasons)

In many jurisdictions direct *investor-to-investor* and *issuer-to-investor* interactions are not regulated as exchanges or organized trading facilities. The above set of templates will allow to fully benefit from this.

Why are we deploying specialized platforms?

Although tokens with financial content do appear from time to time on platforms like OpenSea, most NFT platforms actively discourage such instruments and can de-platform them with no warning.

According to *OpenSea* terms of service, the user undertakes not to:

- Use the Service to carry out any financial activities subject to registration or licensing, including but not limited to creating, selling, or buying securities, commodities, options, or debt instruments;
- Use the Service to create, sell, or buy NFTs or other items that give owners rights to participate in an ICO or any securities offering, or that are redeemable for securities, commodities, or other financial instruments;

Binance NFT Marketplace has similar restrictions:

statements. Invited Creator will not promote or market the Creator's NFTs in a manner intended to give buyers the impression that such NFTs are investment products or that they can expect capital appreciation or derive profits from purchase of such NFTs, or indicate that such NFTs may be characterized as securities or any other form of regulated investment product in any applicable jurisdiction. If requested by Company, Invited Creator will reasonably cooperate with Company to validate the authenticity of the Creator's NFTs and the Creator's NFT Media. Invited Creator acknowledges and agrees that Company will charge a platform fee which is 10% (or other percentage as provided in a Creator Addendum) of the purchase price for any sale of the Creator's NFTs on the Premium Platform. For the avoidance of doubt, any use of or interaction with the Premium Platform by any User (including an Invited Creator) is governed by terms in this Section 4 and the rest of these NFT Terms not in direct contradictory with terms in this Section 4.

Our intention is to create a template of a platform where visual tokens (like NFTs) with financial (investment) content could be showcased and bought/sold. Such platforms eventually should be plenty, to give token owners peace of mind as to the ability to trade the tokens and find the link to their issuer (issuers of most liquid products will offer the continuous redemption of their tokens). The platforms can be themed on different investment products / financing goals.

What is of utmost importance, all these platforms (aggregators) must provide their users with verification tools to ensure that they are dealing only with pre-vetted investment / financial instruments whose originators and important financial parameters are disclosed.

Our ambition is to dominate the sector of visual blockchain investment instruments

There is no such *sector* yet (see “Existing landscape and competition” a few pages further). But we know, the demand can easily be created, as the picture-NFT craze will gradually subside and people will welcome being able to have the ‘pictures’, but with the fundamental value of financial investments.

Our ambitious plan is to dominate this sphere with our (1) **resources**, such as multiple marketplaces, verified issuer lists, token verification resources, as well as (2) **standards** - for token logic, the visual templates, specific terminology etc.⁹

We want to become the leader in visual investment instruments on blockchain.

It does not seem far-fetched at all.

The roadmap

- Develop the **marketplace template** (originally for Binance Smart Chain¹⁰, to keep gas fees low) and the **token formats** (logic + image format) for main use cases of visual financial tokens. Test and deploy.
- **Branding**: very important to create a unique name and terminology for the project’s network and the tech used.
- Development of the ‘**trust resources**’ - verification tools, verified projects directories, analytics supporting the investments, legal documentation templates etc.
- Partner with investment product creators - DeFi, trading strategies, various assets. The network must offer a rich choice of investable options when launched.
- Media campaign and launch of multiple marketplaces.

⁹ An element of this is the maximum saturation (with our web resources) of the related search results for the specific terms related to such investments (SEO).

¹⁰ Ethereum would have been optimal, if not for gas fees which may be fine to trade pictures, but are prohibitive for the distribution of financial instruments where each basis point has to be factored in the instrument’s performance. Binance was chosen for (1) ease of access for many potential users [Binance is the most popular exchange, and many get their crypto from there] and availability of popular stablecoins, (2) low gas fees, (3) Ethereum compatibility, so easy to scale to other EVM-compatible networks, (4) availability of good bridges to other networks (which is important for DeFi-based investments and generally, for the ease of retrieval of the funds raised).

| Marketing messages

- **Visual financial tokens**¹¹ - a great format to invest online, combines literally the best of both worlds - the security and censorship-free nature of blockchain with the fun and aesthetic experiences of visual art. A big variety of them will soon be available for any investment profile and risk appetite!
- The infrastructure is available, it can be trusted. There are plenty of platforms where these instruments can be showcased for sale and traded. The originators of the investment products are verified. Many of the investment products enjoy current liquidity (through buy-back offers by their originators).¹²
- Unlike the ICOs of 2017-2018, the investments here are supported by a legal framework, those being securities are compliantly issued by legal entities in suitable jurisdictions, have their substance verified etc.

¹¹ We are still working on the key terminology to describe our formats, as this is crucially important for the marketing of the project. NeoFTs, NFT as “novel financial tokens”, visual financial tokens (VFTs) etc etc. This is far from settled yet.

¹² The first portion of investment instruments launched will largely consist of liquid DeFi strategies, where the manager can easily offer an instant redemption to investors.

| Our approach to regulatory aspects

Each of over 200 jurisdictions in the world presents a unique regulatory field for investments and their promotion. Sometimes the rules are not uniformly enforced even within the single jurisdiction or depend on the interpretation by the regulators and courts. Cross-border financial & investment interactions present a particular challenge to those trying to figure out beforehand what rules will apply. Most laws dealing with regulating investment markets pre-date the development of blockchains and the internet-driven globalization of personal finance, and that adds to the uncertainty.

Our approach to creation of novel investment instrument formats is that regulation should by no means be ignored. The products we create will need to be adapted by their issuers to their particular regulatory field.

However, by default, we build the tokens and the infrastructure with **maximum privacy protection and maximum potential investor outreach, and permissionless**. It is up to their professional users in specific cases **to add regulation functionality**, identification options and distribution restrictions on top of the basic functionality. We provide the appropriate additional options which can be added to the base format as *Lego* pieces.

This approach differs from the one applied by *security token* marketplaces and issuance services, where censorship features are built in by default, and the holder of the investment cannot enjoy the benefits of blockchain (p2p censorship-free interactions, decentralization, direct control of blockchain assets) **even when legally possible**.

Regulatory aspects: it's not that hard as it seems

One of the reasons why centralized exchanges and major token marketplaces shun any tokens representing a financial product is that they want to avoid having issues with securities market regulators. Generally, the distribution and trading of financial products should follow a certain set of rules, which the anonymously issued, anonymously traded tokens such as present-day NFTs cannot comply with by definition. Or so it seems.

The project is backed by the strong legal team with decades of securities issuance experience for various markets. This helps us navigate through regulations and prohibitions by making full use of the exemptions and legislation arbitrage between various jurisdictions.

While the investment markets are over-regulated in most countries, there are areas where free flow of investment capital is not restricted by law. A few examples:

- In the European Union & EEA countries as well as Switzerland public issues of securities not exceeding a certain threshold (1,000,000 € and upwards to 8,000,000 € for certain countries) are exempt from the obligation to file a prospectus with the regulator. In most markets 'private placement' and 'reverse solicitation' exemptions remove this requirement altogether.
- Strict rules requiring identification of investors (so called, KYC) emanate from the anti-money laundering (AML) legislation. However, these laws generally impose requirements on the intermediaries (brokers, banks etc.) and leave direct interactions between investors (p2p) and between the security issuer and the investors outside of their remit. Investor identification requirements for issuers exist in Corporate Law, but they may be optional depending on the issuer jurisdiction and the type of instrument issued (e.g., in many places bearer shares are restricted, bearer bonds are not), may not impose penalties on the issuer, and in any event require only basic notification of investors (name, address, ID) instead of the intrusive questions common for AML KYC checks.
- In many jurisdictions the mere maintenance of a register of security holders (securities issue administration) is not a regulated activity. Only if the register-keeping includes custody, then it is regulated.
- In most cases one does not need a centralized exchange to settle trades *DvP* (guaranteed delivery vs guaranteed payment), blockchain smart contracts solve this. Such transactions, being private, peer-to-peer and disintermediated, are subject to very few, if any, restrictions.

Most importantly, many investors welcome a degree of disclosure in return for better legal protection. Many investment product issuers welcome being subject to some regulation to boost the credibility of their products. In many jurisdictions organizing a fully compliant securities issue is possible with minimum administrative hassle and expense.

Our concept compared to *Security Tokens*

Visual investment token technologies developed within the FINVISIBLE framework should not be confused with the concept of *Security Tokens*, although many aspects can be seen as overlapping.

Security Tokens are investment product-linked tokens that are deliberately *issued as securities* under this or that nation-specific regulatory regime, are by definition permissioned (the issuer controls their circulation) and are typically confined to one platform (a regulated platform) which provides for their listing/trading and enforces all the build-in restrictions. Censorship features are built into the architecture of security tokens by design. Security Tokens may not be anonymously owned, as their circulation is restricted to users that are identified and specifically checked for suitability of the particular product (e.g., accredited investors under US law).

The visual tokens described in this document are a concept of one step more general level than security tokens (STs). **Visual tokens may or may not be STs.** The concept of visual tokens is regulations-neutral, meaning that they could be adapted to a specific set of regulations at the will of their issuers. Or they may just be used as financing tools within the jurisdiction-agnostic decentralized economy.

ST's restrictions-by-design are reducing the role of blockchain to a parallel stock ownership ledger, while the whole system is fully centralized, permissioned and censorship-friendly. This leaves some people wondering (as in the tweet below), why one would need a blockchain in that scenario at all - maybe a cryptographically protected, well backed-up, centralized stock ledger run by the issuer itself would suffice. Without invoking the trendy word 'blockchain'.



While Security Tokens are simply an enhancement to the contemporary securities issuance and trading framework, the visual token format is native to the decentralized economy.

Both concepts exploit the fact that with internet, issuers of financial products **can interact with investors directly**, with no need for **depositories** and **brokers**. Since cryptocurrencies are now an acceptable means of payment for many, this also dispenses

with the need for **banks**. The issuer of a financial instrument may keep its own register of holders¹³ and interact with them directly through a web interface. This innovation is because of the internet, not blockchains.

The way to exploit this innovation further through the use of blockchains is to allow investors to hold investment instruments through the medium of tokens on a *decentralized blockchain*.

Thus, the token in question is:

- visual, interactive, fun-to-hold, socially engaging

while at the same time:

- securing its holder's entitlement to an income-generating or otherwise valuable asset (on-chain or off-chain)

and by definition, unless changed by its originator:

- expropriation-resistant (no-one can take it away from the owner)
- platform-agnostic (can use any fitting platform to exhibit and trade)
- permissionless and censorship-free because of its circulation is decentralized.

In brief, visual tokens are an ownership and distribution format (visual as opposed to just a line on the list), while security tokens are a primarily a *legal* format of *any* tokens (usual or visual) designed to suit specific national regulations.

¹³ In some countries a regulated third party transfer agent may be mandatory.

Existing landscape and competition

Using NFTs as investment product tokens

We are aware of only a limited number of projects where NFTs are used as tokens representing entitlements to an investment product. These are summarized below:

- **Uniswap V3** is using NFTs¹⁴ to represent liquidity provider (LP) positions (as opposed to the fungible ERC-20 tokens on Uniswap V1 and V2).

Based on the pool and the parameters selected on the liquidity providing interface a unique NFT is minted representing your position in the specific pool. The NFT owner can modify or redeem the position. The NFT comes with a unique piece of on-chain generative art. Uniswap v3 NFT's are SVGs generated entirely on-chain and derived from the properties of the underlying position:



¹⁴ <https://blog.apy.vision/uniswapnft/>

- It was announced that **wallet provider Lohko** launched¹⁵ NFTs backed by physical gold deposited in Singapore (May 2021).

Quote:

“The tokens represent ownership over physical gold bars that are stored in a vault in Singapore managed by partner Bullionstar. Each NFT represents an underlying bar of gold, with both the token and the physical bar of gold sharing a unique serial number. The tokens are also sold with a warranty ensuring NFT’s owner “has full legal rights to redeem the physical gold bar.” The NFTs have been listed on popular Ethereum-based NFT marketplace OpenSea, with the tokens representing either one ounce of gold, 10 grams of gold, or 100 grams of gold respectively”.

Lohko is not the first to tokenize gold, with the Perth Mint Gold Token claiming it was the first token backed by “government-guaranteed gold” to launch on a public blockchain in October 2019, while asset manager Coinshares and wallet provider Blockchain teamed up to launch a Swiss gold-backed token on a private Bitcoin sidechain that same month”.

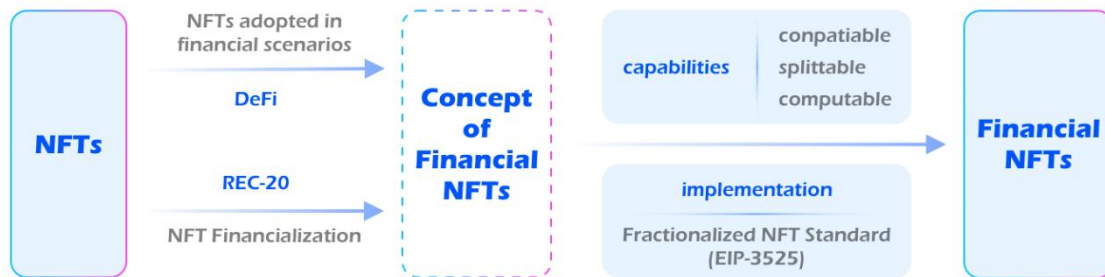
- **ReVest Finance** uses NFTs¹⁶ to offer time locks on transferable value.
- **Swiss bank Sygnum** issued NFT shares¹⁷ in a Picasso painting for \$6K each, such NFTs representing fractionalized ownership in the Picasso painting.

¹⁵ <https://cointelegraph.com/news/you-can-now-buy-gold-backed-nfts-with-the-mining-carbon-footprint-offset>

¹⁶ <https://revest.finance>

¹⁷ <https://cointelegraph.com/news/master-pieces-swiss-bank-issuing-nft-shares-in-picasso-painting-for-6k-each>

- **SOLV Protocol**¹⁸, an (allegedly) decentralized platform, pioneered the concept¹⁹ of Financial NFTs (however, they are not visual).



Quote:

“With the development of Decentralized Finance, explorations of bringing NFTs into more tangible scenarios of finance are conceiving the concept of “Financial NFTs” - NFTs that are representing and certifying any type of financial equity. But as ERC-721 Non-Fungible Token Standard describes, NFT is used to identify something or someone in a unique way, not naturally for financial scenarios. This is why Solv introduces its Semi-Fungible Token Standard **ERC-3525**²⁰ - an ERC-721 extension enhances NFTs with a quantitative property and some quantitative operations, thus making them fit financial scenarios way better. Based on this sophisticated token standard, Solv Protocol provides Financial NFTs with a comprehensive solution for their creation, management, and transactions. To emphasize the financial side, we name the NFT that is minted on Solv Protocol as a voucher. And there are various financial scenarios that are developed by Solv and its partners for the economy of corresponding vouchers.”

“What is Voucher? Vouchers are Financial NFTs that are used to simulate and map real-world property rights, debt certificates, and financial derivatives - such as time deposit certificates, bonds, forward contracts, investor shares, house deeds, land deeds, etc.

What is Solv Vouchers? Solv Vouchers is a DeFi application based on Solv Protocol and its innovative vNFT Standard. Through the smart contract of Solv Vouchers, digital assets like tokens could be transformed into Vouchers representing investment allocations as splittable, composable NFTs.

What are the fees Solv Vouchers charge? There will be a service charge of 1.5% from the price of a successful sale. Let's say that user A purchases a Voucher listed by user B by the price of 100 USDT, and user B will receive 98.5 USDT. User A should pay his own Ethereum gas fees while trading.”

¹⁸ <https://solv.finance/home>

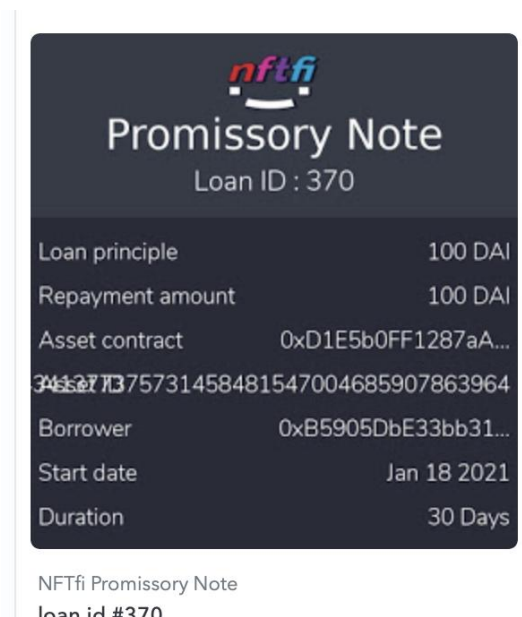
¹⁹ <https://docs.solv.finance/solv-documentation/>

²⁰ This is currently not an ERC, but still an EIP (improvement proposal), “not recommended for general use and likely to change” - <https://eips.ethereum.org/EIPS/eip-3525>

- A block of shares in a **Mexican soccer club Necaxa**, was tokenized as NFTs



- Although the Terms of Service of OpenSea expressly disallows the use of its platform for marketing securities-like NFTs, some promissory notes (debt obligations) made it to **OpenSea** in the form of NFTs:



- **Pledge Finance**²¹, a platform for long-term, fixed-rate cryptocurrency-based loans claims to be the world's lending marketplace for Financial NFTs. "Pledge leverages the latest blockchain technology, especially with ERC 1155 to enable the creation of NFT to represent each loan, bond, insurance as well as other assets."

²¹ <https://www.pledger.finance>

Real Estate tokenization with NFTs

- A blockchain company, **Aqarchain** has announced²² the launch of a real estate tokenizing platform using NFTs as tokens representing fractional real estate ownership.

“Aqarchain.io is the AQR Utility Token issuance platform and also a platform that will allow white-labeled hybrid self-tokenization of real estate assets. Property owners and developers will have open access to bring their properties on this platform and use the hybrid self-tokenization platform to mint NFT of the real estate asset and conduct a public sale of the fractional tokens of the NFT.”

- **Vesta Equity**²³ launched a real estate-backed NFT platform on Algorand.
- A real estate startup **Propy**²⁴ has recently sold its first NFT-backed property in the U.S., the company announced. “The 2,164-square-foot house in Gulfport, Florida, fetched \$653,000 (210 ETH) at auction, with the winning bidder being awarded a non-fungible token (NFT) as proof of the home’s ownership. The logistics of the NFT itself are a bit complicated – the token is linked to the ownership of an LLC that owns the physical asset, not the housing deed itself...”

²² <http://www.businessworld.in/article/Aqarchain-io-To-Launch-The-First-Decentralized-Real-Estate-NFT-Marketplace/20-10-2021-409304/#>

²³ <https://www.theblockcrypto.com/post/134192/vesta-equity-launches-real-estate-backed-nft-platform-on-algorand>

²⁴ <https://www.coindesk.com/business/2022/02/11/nft-linked-house-sells-for-650k-in-propys-first-us-sale/>

NFTs representing shares in income from music rights

- A platform **Corite**²⁵ is tokenizing music rights with NFTs²⁶
- Rights to income from an album by the US rapper, **Lil Pump**, were tokenized²⁷ with NFTs, in compliance with US securities regulations.

“Blockchain-powered financial platform Opulous had partnered with rapper Lil Pump and EDM star KSHMR to let fans invest in the artists’ music via crowdfunding platform Republic. Through the offering of Security NFTs (S-NFTs), a term coined by Republic to describe a non-fungible digital asset, offered and sold as a “security” (as defined by the Securities Act of 1933 and the Exchange Act of 1934), users are able to invest directly in artists’ music “for as little as \$100” via Republic’s platform.”

- A US crowdfunding platform, **Republic**, is now offering security NFTs to invest in music rights

Republic is offering 'security NFTs' for fans who want to invest in songs and albums

October 8, 2021, 4:24PM EDT · 1 min read

Goal crowdfunding through NFTs

- **Impact NFTs**²⁸ is a project where NFTs are sold to finance worthy goals, such as preserving the environment.

²⁵ <https://corite.com>

²⁶ <https://www.crowdfundinsider.com/2021/11/183122-mattias-tengblad-corite-co-founder-says-theyre-bringing-play-to-earn-model-to-music-industry/>

²⁷ <https://www.musicbusinessworldwide.com/lil-pump-royalty-shares-sell-out-in-two-hours-via-crowdfunding-opulous-raising-500000/>

²⁸ <https://www.impactnft.org>

A comment on the competition

While we see emerging projects that use NFTs for this or that aspect of finance, we have been unable to locate a single concise project developing global investment product distribution tools and open infrastructure on the basis of visual tokens - not limited to a single type of investment (e.g., DeFi or music royalties) and not focused on a single platform. **We certainly have the potential to be a leader and a standard-setter in this field.**

Novel financial applications of NFTs are actively discussed in social media and blogs



david phelps (🐼, 🐼) @divine_eco... · 6h · ...

9/
nfts are money with social virality built in.
a community tells you to buy an nft.
you buy to join the community.
you display the nft to show you're part of the community.
you're now telling others to buy too.
rinse, repeat.
apps just have to enable this flywheel.

🗨️ 1 ↻ ❤️ 3 ↗



david phelps (🐼, 🐼) @divine_economy · ...

hot take:
projects should be raising through nfts, not tokens.
nfts create a sense of connection and ownership with a community. they let ppl showcase their membership to others to spread the word.
and they enable recurring revenue—there's no fixed supply, just ongoing drops.

22:48 · 30/11/2021 · [Twitter Web App](#)

07:10



Unf_ck The Planet (🌱, 🌱) @unf_ · ...
Replying to @cdixon
Wen NFTs as tokenized equity?

🗨️ 1 ↻ ❤️ 2



Ser Jeff Garzik 🟦 @jgarzik · 6h · ...
Replying to @cdixon

Your list is missing a major category: financial.

NFTs are starting to be used as unique wrappers for packages of financial assets - a container for a pile of ERC20s & other NFTs.

[visual tokens give] "an emotive feeling to a digital asset. It makes it very real to the person who buys it." "Company stocks and real estate will be among the many things that get turned into non-fungible tokens in the future" - Bill Thai, investor (DapperLabs, Zoom, Scribd), at an industry forum in Switzerland, 2022



Andrew Steinwold @AndrewSteinwold · ...

What are some future use-cases for NFTs most people aren't thinking about now?

06:41 · 28/12/2021 · [Twitter Web App](#)



medved 🟦 @mattmedved · 1h · ...
Replying to @AndrewSteinwold

fundraising for nonprofits and charities

🗨️ 5 ↻ 2 ❤️ 38 ↗



TIN NGUYEN | Sipher 🐶 🐱 🌐 @A... · 1h ..

Replying to @AndrewSteinwold

smart contracts as NFTs



6



david phelps (🐶 , 🐱)

@divine_economy

...

SOCIAL INVESTING

why social investing apps usually fail—
and why nfts let them succeed 📌

17:23 · 15/11/2021 · [Twitter Web App](#)



p.mirror.xyz

@patrickxriviera

web2 crowdfunding:

- * strict contribution limits
- * bank account
- * must live in a specific jurisdiction
- * equity secured w/ legal contracts

web3 crowdfunding:

- * programmable contribution limits
- * crypto wallet app
- * must have internet connection
- * tokens secured w/ smart contracts

04:43 · 19/07/2021 · [Twitter Web App](#)



Gary Vaynerchuk ✓

@garyvee

...

Wait to they find out collectibles and
art are just a small % of the capabilities
of NFT's

18:11 · 11/07/2021 · [Twitter for iPhone](#)

Predictions:

- **Decentralized Patreon:** Decentralized, crypto-native Patreon will not look like Patreon today, where fans subscribe for content. Creators will use NFTs and social tokens to create an economy around their communities. Creators using new platforms will seamlessly (1) sell NFTs, (2) gate access to content and pictures based on NFT or social token ownership, (3) stream payments to themselves in real-time based on the types of access tokens their fans own, (4) distribute revenue from NFT sales back to their community

5. Financialization of NFTs

NFTs are financial assets

NFTs express ownership in assets that can be used in financial transactions. There are many new mechanisms for NFTs such as revenue “splits” or NFT fractionalization that make NFTs more useful as financial assets. In the future, we will see the exponential growth NFTs as financial assets.

Predictions:

- **Generate cash flow with NFTs:** Soon, NFTs may earn revenue. One way NFTs may generate revenue is through rent on land rights. For example, landowners in metaverses like Cryptovoxels may charge rent from those that use their land. Today, Cryptovoxels land owners can add “collaborators” who can build on their land, but do not own it. In the future, there will be smart contracts that landowners and tenants can use to specify rent, rental duration, and other terms. Another way NFTs can generate revenue is through ownership of music rights. For example,

- **Impact NFTs:** Artists can give a percentage of sales from their NFTs to certain causes in perpetuity, even after death. Creators may create “impact NFTs” specifically to support environmental or social causes.

The above quoted article is worth reading in its entirety: **5 New Frontiers For NFTs**
<https://medium.com/electric-capital/5-new-frontiers-for-nfts-c77de367631d>



DahaiArt
@ArtDahai

...

What is an Asset Backed Token you ask?

An Asset Backed NFT is a blockchain token that represents ownership of real world physical artwork. The token can be traded freely on the @Algorand blockchain, ultimately the NFT may be redeemed by its final holder for the physical artwork.

16:00 · 06/07/2021 · [TweetDeck](#)



Unique Network
@Unique_NFTchain

...



Just imagine... #NFTs that can:



Interact with each other



Evolve with each other



Own each other



Be governed by DAOs



18:24 · 23/06/2021 · [Twitter Web App](#)



Tweet



Matty ✓
@DCLBlogger

NFTs will start cars, open houses, gate real world events, represent ownership contracts for million dollar real world assets,

The JPEG is a test whether you're looking beyond surface level.

10:39 · 15/02/2022 · [Twitter for iPhone](#)



Andrew Steinwold
@AndrewSteinwold

NFTs have the lowest barrier of intellectual entry

That is why they will win

19:37 · 15/02/2022 · [Twitter Web App](#)



Andre Cronje 🤖 ✓
@AndreCronjeTech

Tokens are the culmination of shares, dividends, ipo's, fund raising, and loyalty programs. I've gone 180% on my 2017 ethos. I now believe everything that can make money, should have a token.



Blockworks ✓
@Blockworks_

JP Morgan: NFTs will likely dominate the digital asset universe in the future

20:35 · 10/02/2022 · [Twitter Web App](#)



Tweet



Andrew Steinwold
@AndrewSteinwold

It's so obvious that NFTs will overtake crypto

99.99% of ppl do not care about:

- Staking
 - Txs per second
 - Non-sovereign money
- etc

But everyone loves

- Visually seeing what we own (vs seeing numbers)
 - Being a part of a community
 - Showing off
 - Collecting
 - Games
 - Art
- etc

18:41 · 15/02/2022 · [Twitter Web App](#)



Tweet



Gary Vaynerchuk ✓
@garyvee

now : collectibility with a hint of utility

later: Utility with a hint of collectibility

[#NFT](#)

23:31 · 17/02/2022 · [Twitter Web App](#)



Tweet



Chris Dixon  @cdixon · 15h
NFT = unit of ownership on the internet.

98 343 2,089



josh.eth
@Josh_Kale

Replying to @cdixon

JPG's have slightly clouded this idea.

This re-framing seems broadly important for masses to understand.

03:10 · 12/11/2021 · [Twitter for iPhone](#)



Ryan Selkis
@twobitidiot

Most tokens are best designed as programmable securities, but they often have to make intentionally inferior design trade offs to satisfy 90 year old US investor laws.

We need safe harbors.

19:15 · 03/10/2021 · [Twitter for iPhone](#)



Tweet



Gary Vaynerchuk  
@garyvee

now : collectibility with a hint of utility

later: Utility with a hint of collectibility

[#NFT](#)

23:31 · 17/02/2022 · [Twitter Web App](#)



Maya Zehavi
@mayazi

You know what's revolutionary for decentralized ownership?

* A token that can be converted into the equity tranche with some KYC

* token classes with transparent rights on fees, treasuries; IP, equity

Yeah...that makes them more securities than anything, but if legal it's better

13:58 · 24/03/2022 · [Twitter for iPhone](#)

| Investment structure

To this date the development of the concept / prototype has been fully funded from private sources available to the founders.

The founders are not envisaging a public sale of units of participation or tokens of the project for the time being, but welcome strategic partnerships which can move the project forward.