

Finminity

**The Most Rewarding and Flexible
Investment Services platform with
integrated cross chain launchpad for
Startup and SMEs**

ABSTRACT

Finminity aims to be the first **Decentralized Investment Services platform on Blockchain**, for Startup and SME's, making Fund Raising & Investment Banking affordable to them through Decentralized Finance (DeFi) and Blockchain.

Crowdfunding and DeFi based Investment services are made for each other. With Finminity platform, firms can raise funding in a decentralized manner from community of investors as per the regulation. It is enabled by a **Flexible and Rewarding Token Engine** which creates tokens on ERC 20 (Utility) or ERC 1404 (Asset backed) for companies that are raising funds. It also has a decentralized Investor Services Platform powered by our permissioned investor voting for resolutions and statutory obligations to investors.

While we help you to raise funds by token sale but more importantly after you get funding, provide you with investor services & engagement compliant.

In the world of Decentralized Finance, we are the bridge builder of real world capital market needs of startups and SME's and how that can be solved through Blockchain based decentralized services aligned to Investor protection and compliance.

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Introduction and Background

Innovation and Entrepreneurship go hand in hand in the development of any successful commercial venture. And for entrepreneurship to thrive and become successful the much-needed boost in the form of capital is needed, especially in the early stages. From seed funding to angel investors, govt grants to institutional investing every traditional form of raising capital is highly centralized in nature and fraught with issues.

In order to enable firms to grow, develop and make contributions to employment, economic growth and social inclusion, financing for SMEs is important at all stages of the business life cycle. Bank lending is the most common source of external finance for many SMEs and entrepreneurs, who are often heavily reliant on straight debt to fulfil their start-up, cash flow and investment needs.

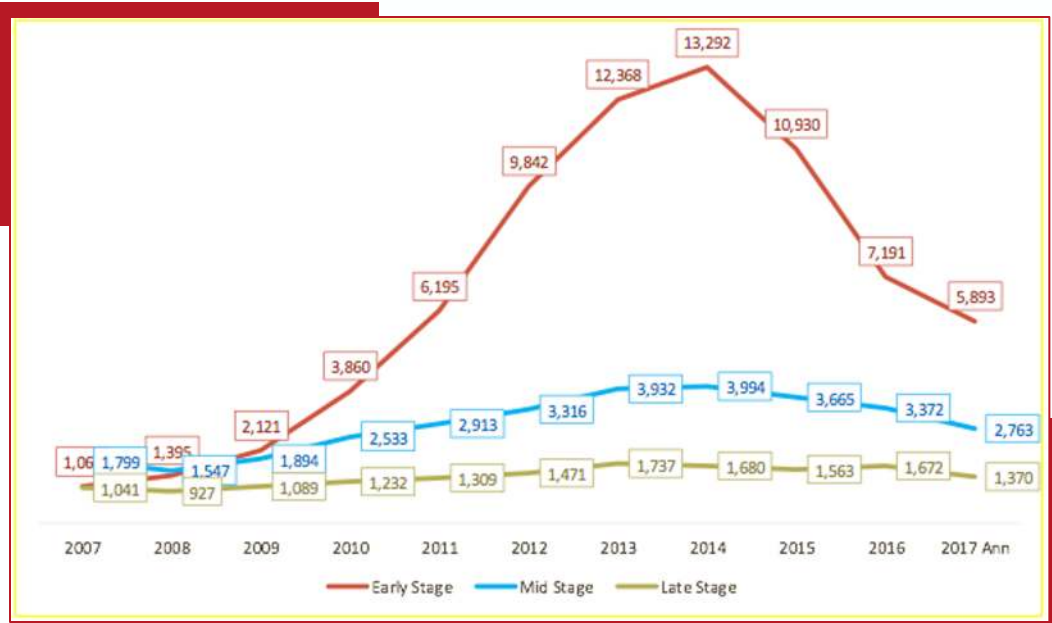
As per reports, approximately 50-70% of the Small and Medium Enterprises (SMEs) applications for funding are rejected by conventional banks. Large cross-country differences persist in the share of SMEs that experience full or partial rejection of their credit demand, which, in 2016, ranged from around 27% in Serbia and Korea, to 2.5% in Austria. In 2017, large firms continued to face a better financial situation and much lower bank loan rejection rates (1% vs. 6%) compared to SMEs. **Loans to SMEs account were just 4% of the outstanding bank credit in the UAE, below the MENA average of 9.3%.**

In middle- and low-income countries, funding gaps are often even more pronounced and among the main barriers to small business formalisation. Small firms operating in such countries are more likely to be credit-constrained and pay significantly higher interest rates than their counterparts in high-income countries. Insufficient access to finance is constraining and represents the most robust barrier to firm expansion within the business environment of the emerging and developing nations.

Another funding source comes from Angel investors and VCs who possess early stage investment arms. But, decision making in venture firms is an opaque area. There is no single mechanism to spearhead a group of people to reach some form of agreement. A typical herd mentality prevails too. Some firms vote: majority, minority. Others put the onus of decision making to a single individual. Yet others request guidance from subject matter experts.

The Crash has occurred in early & mid stage funding

Although there has been a rise in the number of unicorns, valued at \$1Billion plus, there has been a quiet implosion in the early stage VC activity. Since 2014, the number of VC rounds in technology companies worldwide has nearly halved, from 19k to 10k according to PitchBook. The below data shows by far the sharpest fall in activity has been in early-stage and seed-stage rounds. In fact, later rounds have remained fairly flat the last three years.



Global Financing Volume of technological companies by stage

And the below table highlights that the early stage implosion is global in nature. The fall in financings has happened literally everywhere.

	US	Europe	ROW
2017 Annual	5.3k	2.6k	2.1k
2014	9.2k	5.2k	4.6k

The sophistication of Investment Banking is needed by companies who can't afford with opening of newer source of funding

Crowdfunding began as an online extension of traditional financing by friends and family: communities pooling money and resources to fund members with business ideas. In less than a decade crowdfunding has gained quite a momentum in developed economies like Australia, Netherlands, Italy and the United States and is now attracting considerable interest in the developing world too.

Using social networks, social profiles and web based communication, individuals and companies have raised billions of dollars in debt, equity and donations for projects over the last few years. **Kickstarter, for instance, the market leader in donation based funding has raised a whopping \$815 million from 4.9 million backers for its 50k projects since 2009.**

finance stifle potential economic growth and innovation. In such countries where there is no silicon valley, only few megarich people writing cheques takes the risk of failure. Normal people are interested to invest albeit for a small amount as they tend to be risk averse and do not have the means to recover from loss.

Crowdfunding in developing countries have the potential to leapfrog the traditional capital market structures and become saviour for worthy companies and their founders. It is estimated that there are upto 344 million households in the developing world who are able to make small crowdfund investments in community businesses. These households have an income of at least \$10,000 a year, with a minimum three months of savings. **Together they have the ability to to put \$96billion a year in crowdfunding investments by 2025.** The greatest potential lies in China, which accounts for upto \$50billion of the quoted figure.

Projections for the size of the crowdfund investing market range from **\$3.98billion to as much as \$300million** over the coming years depending on the level of enabling regulation adopted by governments. Donation based crowdfunding investment is the best fit for funding ideas and building prototypes and equity or debt based crowdfunding is most appropriate for early stage and seed level funding.

However, there was still a big hurdle. Only accredited investors under the SEC rules could invest in securities in private offerings. But after the Jobs Act was signed in 2012, everyone could finally participate in crowdfunding to receive securities issues by companies. For common people now there was greater access to deals that might have been entirely private before. It also enabled projects to raise money from a pool of high net worth individuals who helped kickstart and evangelize many projects.

Unlike traditional investment options, crowdfunding made available to retail investors platforms to invest in early stage projects. One did not have to know the founders or angels or have any particular connection to invest. As crowdfunding grows in size and becomes widely accepted, professional investors will also start allocating portions of their portfolios to crowdfund investing.



“A Financial Institution is a place that will lend you money, if you can prove that you don’t need it”

- Bob Hope

Crowdfunding and DeFi – Made for each other?

Over the past decade, crowdfunding has been in the spotlight as a new alternative financial tool. The scope of crowdfunding is expanding day by day, from small events and performances to the production of cutting-edge products, and even funding large construction and urban planning projects.

In the crowdfunding industry, investors are excited about the project to invest in and support the project, but most of the projects that did not meet the expectations and malicious behaviour. Past studies have found that 75% of Kickstarter projects fail to deliver products on schedule or fail.

With Decentralized Finance and its ecosystem of Token Offering, Blockchain based Voting, DAO and a clear mapping of compliance process, now it is possible to do Community based Crowdfunding with the security, transparency and enforceability so that Investor money is safe and Companies raising the fund stick to its commitments.



The DeFi sector functions without gatekeepers. As such, anyone can develop a DeFi application and offer it to the world. Additionally, anyone can participate in DeFi Dapps without concern for approval. This strategy is far cry from today's financial system that requires potential users to traverse a myriad of regulatory verification systems before they can participate in the global economy.

DeFi provides the world with new levels of transparency of investing. Since most DeFi apps function on public blockchains such as Ethereum, all transactions are publicly available. In fact, all activity on the blockchain is public.

Anyone from around the world can participate in DeFi platforms of Crowdfunding as an Investor, with the requisite KYC checks. You just need a Smartphone with internet access and you can enter the DeFi community in minutes.

Consequently, DeFi Dapps have the ability to provide the unbanked of the world with access to financial services for the first time in recorded history. This openness is a huge upgrade from the current banking system that leaves around 40% of the global population without any form of banking. The other side of DeFi is companies can built Investment Banks and Investor Finds using community sourcing and fund ideas they believe in.

We believe that usage of DeFi will change the way Investment to startup and SME's were done in the next 10 years and DeFi driven new age investment banks will come up. Our aim is to enable that.

How big is DeFi market ?

The total amount of money locked into decentralized finance (DeFi) applications and protocols has crossed a milestone of \$4 billion. A very large portion of defi applications, tokens, and platforms are hosted on the Ethereum (ETH) network and DeFi's massive growth has made the price of ETH swell.

The industry is growing incredibly quickly and the speed at which DeFi is growing is increasing. DeFi hit \$2 billion on July 7, two weeks before it hit \$3 billion. DeFi's surge to nearly \$4 billion in less than a week shows that it's growing faster than ever. Most of the DeFi growth took place in 2020 as a number of projects have seen significant demand.

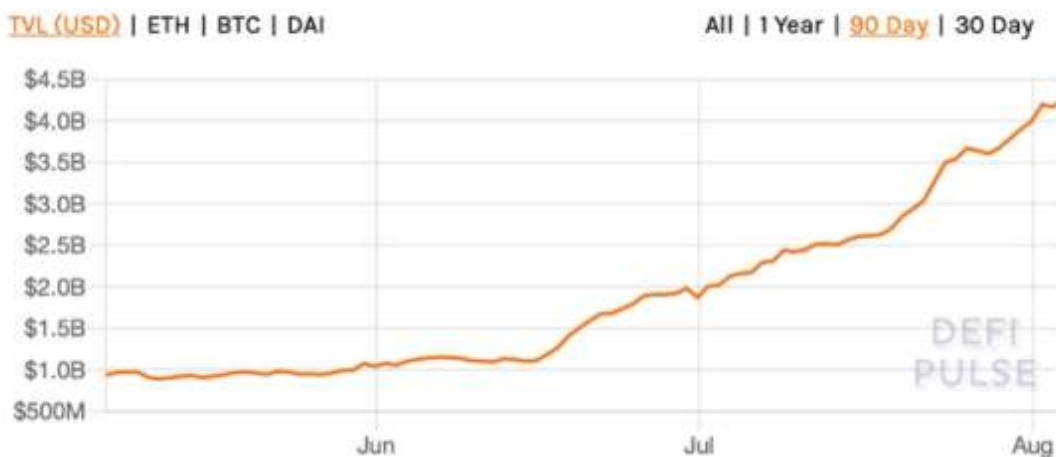
The findings indicate that derivatives and oracle projects swelled in 2020 as well and Synthetix (SNX) has been the most successful derivatives idea so far. Furthermore, decentralized exchanges (dex) saw an increase in demand as well in the second quarter of 2020.



The economy is still learning from traditional counterparts. The researchers think that the DeFi space has a "unique value proposition" going forward.

Strong growth potential and innovative concepts can drive the broader cryptocurrency market to another level. At some point, proof-of-stake, centralized finance, and decentralized finance will come together to form an enormous cryptocurrency financial ecosystem to achieve the potential of money legos.

Total Value Locked (USD) in DeFi



Source: DeFi Pulse

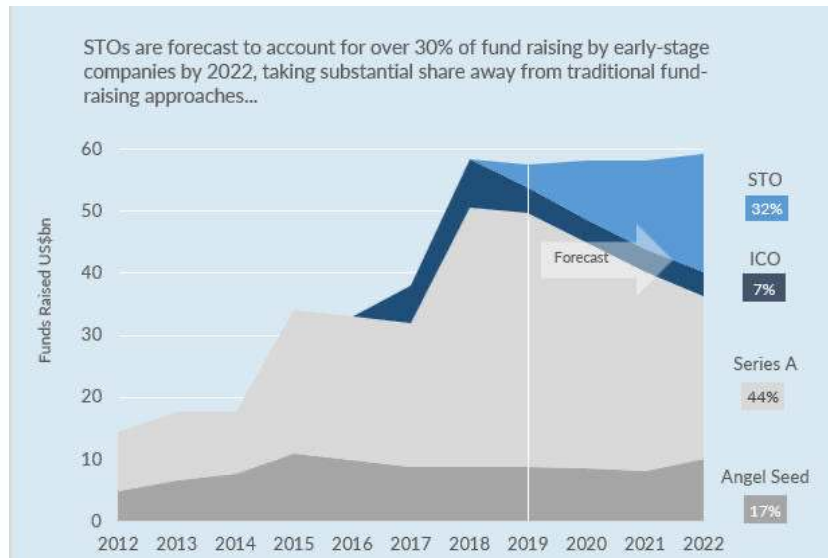
Market opportunity for STO based funding option

\$26 BN

According to data taken from [statista.com](https://www.statista.com), the transaction value in the “crowdfunding” industry is expected to show an annual growth rate (CAGR 2018-2022) of 29.0 % resulting in the total amount of \$25,919M in 2022

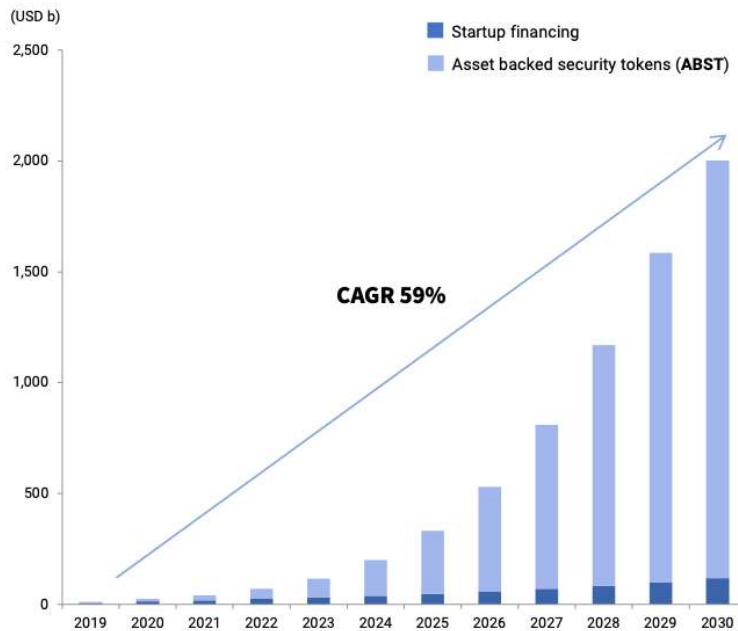
344Mn Households

According to estimated data from [the World Bank](https://www.worldbank.org), there are up to 344 million households in the developing world that are able to make small, crowdfunding-based investments in community businesses.



Token Offerings poised to account for 32% of early-stage funding by 2022

Security token market size (accumulated issuance base)



Source: Chain Partners

Asset backed token market size will grow to USD 2T by 2030 with a 59% CAGR during 2019-2030

How does Finiminity fill this gap?

2. Onboard & Tokenize

- Enter Fund Raise, Dilution % and Asset Token Mapping
- Move asset to Nominee with immutable Blockchain Agreements
- Create Tokens & allocate them to Investors

4. Provide Investor services

- After you get funding, Finiminity provides you with investor services platform so that you are compliant

6. Voting

- Investor can login with their Ethereum Wallet to vote the Resolution in Blockchain. If the vote is more than 50%, the Resolution is passed

8. Investor Protection

- If milestone payment are not approved by the investors & this happens repeated times, the admin can initiate bankruptcy management, the smart contract moves the escrow held money to Admin Wallet and mail is sent to investors about how much money will get returned back and how do they want to get that back.

1. Raise funds with YourVC

- Get your company valuation done
- Store your valuation on Blockchain
- Get other statutory disclosures done (Audited Statements)

3. Take Regulated funding

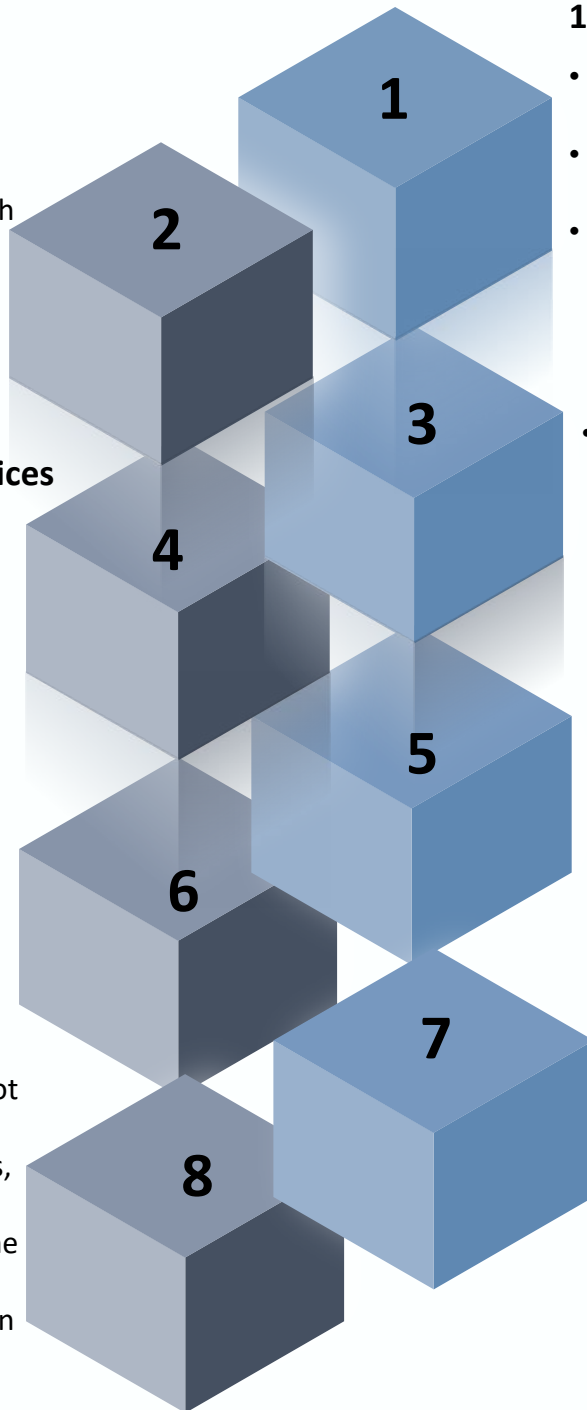
- You can use Finiminity's partner Crowdfunding Platform YourVC to raise money or you can use the secondary marketplace to sell your tokens

5. Resolution

- Companies can send Resolutions and Notification to Investors for Voting
- Statutory approvals can also be done through this

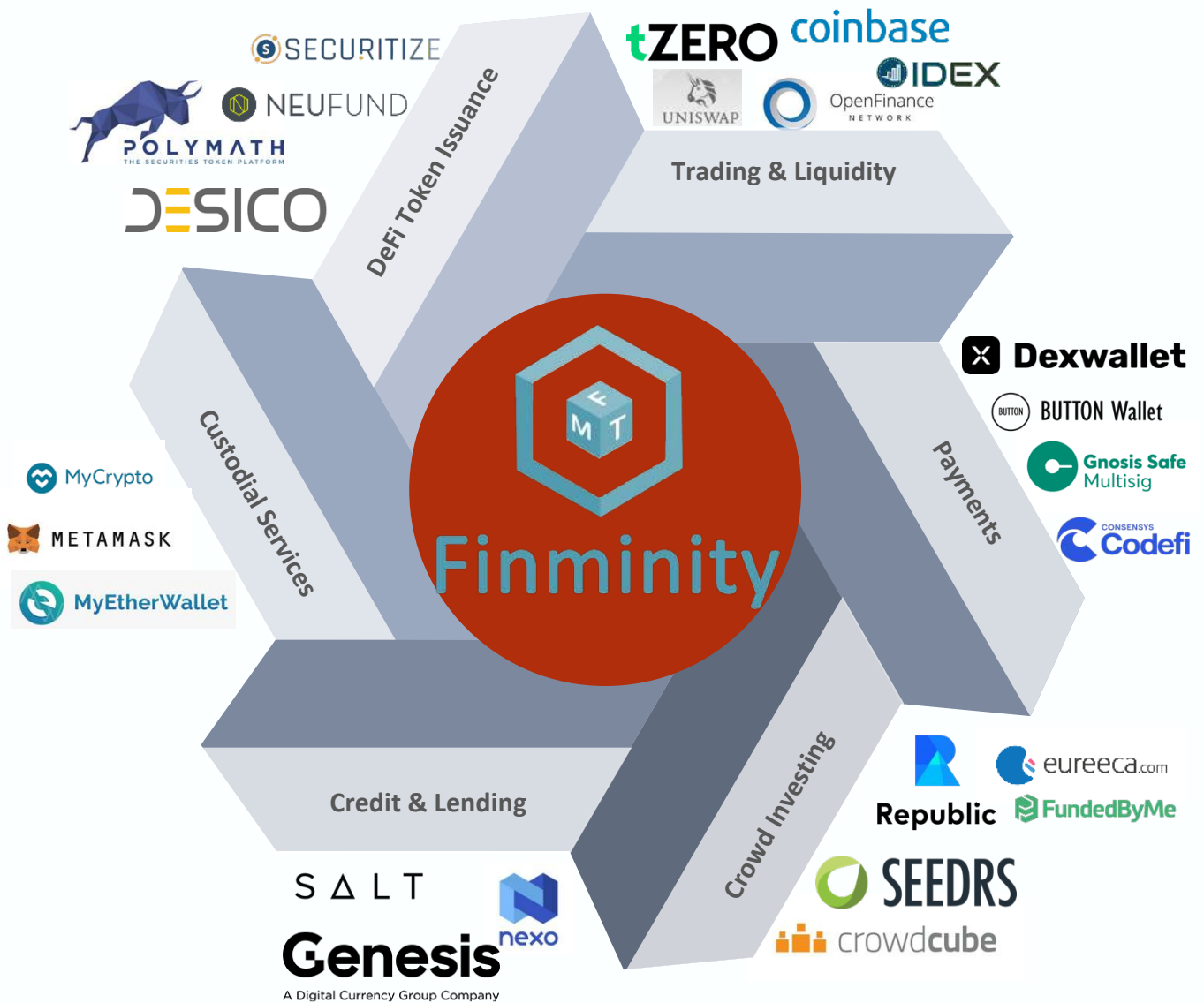
7. Dividend Management

- Through the Blockchain Register, the company knows the current investors. Based on the dividend, the smart contract allocates dividend token to investor wallets
- The investor then can ask the SPV to issue real money in lieu of the dividend tokens



The DeFi Ecosystem

DeFi today is worth over \$4 billion and growing each single day. It's a drop in the bucket compared to the \$111.2 trillion of assets managed by the global financial system today. The grand vision of Decentralized Finance is that it finally offers a more frictionless, transparent, democratic alternative to the rigid, closed services offered today by traditional banking. Anybody using DeFi applications today – or building them – its ready for mass adoption in Fintech world.



Defi Ecosystem and how Finminity is placed

What is Defi?

Defi Ecosystem

Decentralized Finance (DeFi) refers to open financial infrastructures built upon public smart contract platforms, such as the Ethereum blockchain. In contrast to the traditional financial sector, DeFi does not rely on intermediaries and centralized institutions. Instead, it is based on open protocols and decentralized applications (DApps). Agreements are enforced with smart contracts, transactions executed in a secure and deterministic way and legitimate state changes persisted on a public Blockchain. Thus, this architecture is capable of creating an immutable and highly interoperable financial system with unprecedented transparency, equal access rights and little need for custodians, central clearing houses or escrow services, as most of these roles can be assumed by smart contracts.

- Decentralized finance leverages three key principles of the Ethereum blockchain to unlock liquidity and growth opportunities, increase financial security and transparency, and support an integrated and standardized economic system.
- The various products and services involved in the DeFi ecosystem are collectively referred to as 'open finance'. This term broadly relates to the number of layers within an ecosystem where blockchain, digital assets, and open protocols are integrated with traditional financial structures.
- One of the most important areas of the DeFi sector are the DApps running on the Ethereum blockchain.

A nice example of DeFi is where one can buy US\$-pegged stable coins on decentralized exchanges, move these tokens to an equally decentralized lending platform to earn interest and subsequently add the tokenized interest-bearing instruments to a decentralized liquidity pool or an on-chain investment fund.

Comparison between traditional finance, Fintech and DeFi for different financial services

	Traditional	Fintech	DeFi
Issuing money	The State	-	Proof of Work and Proof of Stake rewards
Transferring money	Cash	Revolut, Transferwise	Cryptocurrency and token transactions
Lending / borrowing money	Banks	Lending Club	Tokenized P2P debt
Exchanging assets	Exchanges & Brokers, like Nasdaq	-	Decentralized exchanges
Investing money	Stocks, Bonds, etc., accessible through banks and exchanges	Robinhood	Tokenized financial products (ICOs, STOs and token baskets)

DeFi uses a multi-layered architecture with 5 layers: the settlement, asset, protocol, application and aggregation layers. Every layer has its own distinct purpose.

The **Settlement layer** (1) consists of the Blockchain and its native protocol asset. It allows the network to securely store ownership information and ensures that any of the state changes adhere to the network's rule set. As such, the Blockchain can be seen as the foundation for trustless execution and serves as a settlement and dispute resolution layer. *The Ethereum Blockchain used is the Settlement layer in many of the DeFi applications.*

The **Asset layer** (2) consists of all tokens that are issued on top of the settlement layer. This includes the native protocol asset as well as any additional tokens that are based on token standards supported by the Blockchain. *ERC-20 tokens are example of an asset in this layer which are used as a core to build app tokens over it.*

The **Protocol layer** (3) provides standards for specific use-cases such as decentralized exchanges, debt markets, derivatives and on-chain asset management. These standards are usually implemented as a set of smart contracts and can be accessed by any user (or DeFi application). As such, these protocols are highly interoperable. *An example would be an Asset Token ERC-1404 mapped to an actual company's share which are mapped in a Blockchain register managed by the Custodian. Another example would be decentralized stable coins like DAI which uses the Maker Protocol, the smart contracts that power Dai.*

The **Application layer** (4) creates user-oriented applications that connect to individual protocols. The smart contract interaction is usually abstracted by a web browser-based front end, making the protocols easier to use. *An example of this could be an Asset Token enabled marketplace where investors can buy asset tokens managed by the Custodian as explained in Protocol Layer 3.*

The **Aggregation layer** (5) is an extension of the application layer. Aggregators create user-centric platforms that connect to several applications and protocols. They usually provide tools to compare and rate and services, allow users to easily perform otherwise complex tasks by connecting to several protocols simultaneously, and finally combine relevant information in a clear and concise manner. *An example could be a Fund House who created an Asset Token Fund by making a Portfolio of Asset Tokens of different business sectors and sell them as a Fund to end investors, almost like a Mutual funds we buy in the real world. There could also be Lending company who can give loans against security tokens and get interest from the lender.*

Who are the key players in the DeFi Ecosystem?

Exchanges & Marketplaces :

An extremely important area of the DeFi ecosystem are Exchanges and Marketplaces. Some of the most crucial DeFi applications are decentralized exchanges (DEXes). These platforms allow users to trade digital assets without the need for a trusted intermediary (the exchange) to hold their funds. The trades are made directly between user wallets with the help of smart contracts. Since they require much less maintenance work, decentralized exchanges typically have lower trading fees than centralized exchanges.

Blockchain technology may also be used to issue and allow ownership of a wide range of conventional financial instruments. These applications would work in a decentralized way that cuts out custodians and eliminates single points of failure. Token issuance platforms, for example, may provide the tools and resources for issuers to launch utility tokens or tokenized securities on the blockchain with customizable parameters

Monetary & Banking services:

As DeFi applications are, by definition, financial applications, monetary banking services are an integral part. These can include the issuance of stable coins, mortgages, and insurance.

As the blockchain industry is maturing, there is an increased focus on the creation of stablecoins. They are a type of crypto asset that is usually pegged to a real-world asset but can be transferred digitally with relative ease.

Largely because of the number of intermediaries needing to be involved, the process of getting a mortgage is expensive and time-consuming. With the use of smart contracts, underwriting and legal fees may be reduced significantly.

Insurance on the blockchain could eliminate the need for intermediaries and allow the distribution of risk between many participants. This could result in lower premiums with the same quality of service.

Borrowing & Lending

Open lending protocols are one of the most popular types of applications that are part of the DeFi ecosystem. Open, decentralized borrowing and lending have many advantages over the traditional credit system. These include instant transaction settlement, the ability to collateralize digital assets, no credit checks, and potential standardization in the future.

Lending marketplaces on the blockchain reduce counterparty risk, make borrowing and lending cheaper, faster, and available to more people.

Smart contracts in Defi ecosystem

Most of the existing and potential applications of Decentralized Finance involve the creation and execution of smart contracts. On the Ethereum network, smart contracts are responsible for executing and managing the blockchain operations that take place when users (addresses) interact with each other. Any address that is not a smart contract is called an externally owned account (EOA). Basically, Ethereum smart contracts are made of a contract code and two public keys. The first public key is the one provided by the creator of the contract. The other key represents the contract itself, acting as a digital identifier that is unique to each smart contract

As decentralized and self-executing programs, smart contracts may provide increased transparency and reduced operational costs., they can also increase efficiency and reduce bureaucratic expenses.

ERC-20: Tokens issued on the Ethereum blockchain follow a standard known as ERC-20. The standard describes the core functions of all Ethereum-based tokens. As such, these digital assets are often referred to as ERC-20 tokens, and they represent a great portion of the existing cryptocurrencies. The use of smart contracts enabled the exchange of funds, and distribution of tokens, in a trustless and efficient way.

Custodial services

One of the latest innovations in the Defi ecosystem and something expected to launch the entry of institutional capital into the industry are custodial solutions. Furthermore, these solutions are vital to the success of the DeFi ecosystem. Custody solutions are independent storage and security systems used to hold large quantities of tokens and are obviously a vital component of the ecosystem.

Custody solutions are third party providers of storage and security services . Their services are mainly aimed at institutional investors, such as hedge funds, who hold large amounts of cryptocurrencies. The main function of custody solutions is to safeguard assets.

Private keys, which are used to conduct transactions or access crypto holdings, are a complex combination of alpha numerics that are extremely difficult to remember and can be stolen or hacked. Online wallets and exchanges are two potential solutions.

After the pandemic, there is an industry revolution of shorts as new age startups are coming up and real-world companies are struggling to survive.

Innovative technology & service companies have started their wings, but they need funding whereas VC's and Angels are not opening their purse in the uncertain environment.

Government is pumping funds and creating initiatives to make these startups successful while supporting running companies with loans and furloughs to exist and survive.

While there are financiers for late stage deals, there is evidently less angel network support to make a living and breathing ecosystem of startup to grow, prosper during the early stage and move to the next level. Specially now.

We plan to bridge the gap while making entrepreneurs successful in this new world and be the blockchain based investment bank with crowd as VC.

FINMINITY - The first DeFi Investment Bank on Blockchain, for Startup and SME's

In the world of Decentralized Finance, we are the bridge builder of real world capital market needs of startups and SME's and how that can be solved through Blockchain based decentralized services aligned to Investor protection and regulatory compliance.

We focus on the decentralized technology to solve the problem rather focusing on DeFi buzzwords and paradigms. Regulated DeFi – that's what we are!



FINMINITY - THE REAL WORLD DeFi

Finmintiy Business Model Explained

Finminity platform will provide a complete infrastructure for Startup & SME, who always wanted to raise funds. A decentralized and affordable Investment bank to get the funding rounds completed through the Blockchain technology.

It's a platform which seeks to facilitate the issuance of funds through tokens (both ERC-20 and ERC-1404) with the power of blockchain – Fundraising for Startups & SME's on the basis of the valuation, investor's services and audit services.

The platform provides company whitelisting, verification & valuation services for the firms to get a fair and proper valuation for asking funds. Companies and investors can access the KYC and AML for efficient financial due diligence.

Finminity Token Engine can tokenize your assets (utility or asset tokens), that you want to divest. This shall minimize all these types of risks and provide higher quality services from experienced smart-contract development team working with Finminity. It helps the company to do Asset Token Mapping and Book Building, Creating SPV/ Custodian Structure for Nominee Ownership of tokens.

Companies can do a Primary Sale of their tokens, through Finminity for utility tokens or partner crowdfunding platform YourVC for security tokens. Companies who only want to liquidate their assets in a private market or secondary market can also do that without going through the primary route. YourVC is regulated and operates under the Crowdfunding License whereas Finminity does token offering from Europe.

The platform provides liquidity to the investors as the tokens are listed in a Blockchain marketplace, which can be bought or sold just as in the secondary market thereby bringing liquidity to the investment.

The biggest differentiation of Finminity is that it helps companies to be compliant about statutory investor services. This eliminates the need of the Banks, Lawyers, Company secretaries from the framework, since the central role usually played by these intermediaries is eliminated in a distributed decentralized system and substituted by the technology. Smart contracts in fact, take care of all financial transactions and contractual relationships between partners with the help of Blockchain based Escrow services which releases payments on milestone basis; while the history of transactions is recorded entirely inside the blockchain.

The platform also allows Investors to Vote on Blockchain for Company Board Meeting and Resolutions needing investor attention. Finminity also has Dividend Distribution & Bankruptcy management smart contract system to protect investors money using its Finminity Tokens.

Who are our Customer



Companies

Companies that wants to raise funds through tokens



Investors

Investors who are stuck with illiquid assets and would like to sell their tokens for liquidity



Crowdfunding
Operators

Crowdfunding Operators who would like to use Tokens to provide differentiation from traditional crowdfunding platform



Venture Capital
& Angel Investors

Use the platform to buy portfolio companies token format and privately transfer when required



Traditional
Investment Banks

Provide buy sell services of companies through the platform with clear commission structure

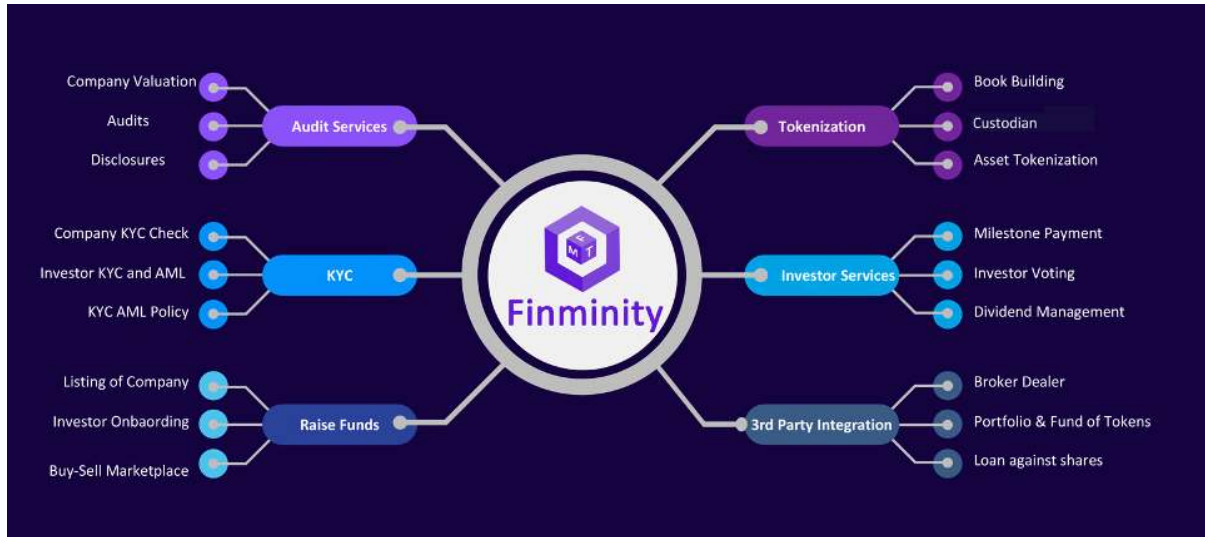


Legal & Statutory
Service Providers

Chartered Accountants and Company Secretary who needs to provide Valuation, Dividend Distribution and Investor Voting services for compliance

THE BUILDING BLOCKS

There are 6 main building blocks of this platform as follows -



Audit and Valuation on Blockchain

Before you raise funds Finminity helps you with auditing services. The platform provides valuation services for the firms to get a fair and proper valuation for asking funds with exact dilution percentage which then finalizes the operating structure of the company that will raise funds from the investor from regulatory compliance standpoints. Finminity also helps in getting the disclosures and agreements.

The main objective of auditing services is to raise money at the right valuation, Compliant Operating structure which helps you in long term

Integrated KYC Services

The KYC and AML services are been provided so that the better, fresher, efficient financial due diligence can be done for the company and the investors who provide funding to the company. KYC and AML services include: - KYC and AML Policy Creation, Company KYC Process Setup, Investor KYC and AML Process setup.

The platform partnered with KYC AML Vendor SumAndSubstance (www.sumsub.com*) to bring in transparency and efficiency to the verification process. Until a Customer KYC is a Success based on the Risk Classification and Validation Logic enumerated in the document, the Platform will not allow the subscriber/applicant/investor to invest in the Platform.

Water tight KYC AML process helps you to be compliant at all times.

Finminity Block Diagram Explained

Token Engine

Book Building & setting the agreements on Blockchain

After Company details, owner KYC and other compliance checks are done then asset originator works on the book building- number of tokens to be given against assets if any, which are to be issued are finalized post that the assets are transferred to the custodian. Now the tradable securities are tokenized through blockchain. While creating these tokens it will add Token Characteristics like Non-Voting and Vesting Period. After the vesting/lockout period (that is embedded in the Token), the token could be transferred in our marketplace by existing investors

Structuring Asset custodian and onboarding on Blockchain

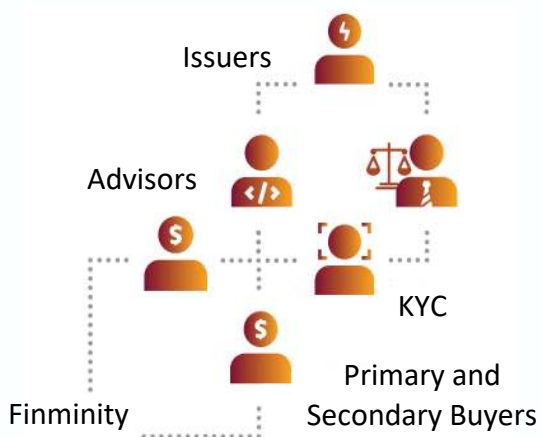
The assets are transferred to SPV, which holds the assets. Based on SPV structure, SPV Ownership are mapped to Tokens. Post that custodian defines the characteristics of these tokens and readies the Blockchain Based Investor Agreement that would be automatically signed. This agreement is made tamper proof and irrefutable. Create and Assign FMT tokens based on investment by investors in their Ethereum address . The wallet shows the ownership through the Tokens.

MARKET PLACE

Raise Funds

You can use Finminity to issue tokens and raise money or you can use the secondary marketplace to sell your tokens. The platform allows investors to buy the tokens directly in their account, and sell them in a marketplace with transaction that is secured by Blockchain based network.

Companies who only want to liquidate their ownership in a private market or secondary market can also do that without going through the primary route.



The tokens have

- Dividend rights
- Divesting rights
- Voting rights
- Proportionate increase or decrease of the token holdings in relation to changes in the company assets

Investor Services

Here the incremental payment release, investor voting, dividend management, token wallet, decentralized company rating is done.

Incremental payment release by milestone and investor voting: The Platform has milestone-based funding for companies seeking investment from investors. Rather than funding a company upfront, the funds get disbursed based on the achievement of some particular milestones. It will prevent the risk of losing the entire investment if the company fails to scale in value; this form of incremental funding lowers the risk incredibly. Herein, until the company achieves the roadmap it has projected to investors and proves to them that it is funding-worthy, the tranche payment will be held in an ESCROW account.

The Blockchain ESCROW account releases capital to the startup only after conducting a vote with more than 50% of investors as well and Super-Admin signing off the milestone as passed. This technique greatly reduces investor risk and deter fraudulent companies from duping investors of their hard-earned money. It is basically a Decentralized Public VC allowing the common crowd to invest in next-gen high growth companies

Dividend Management: Dividends are distributed and paid in any ERC20 coins, including stable coins. Dividends can also be distributed/ paid in Ether. In our case how do we calculate and distribute dividends. We use our internal FMT Tokens for dividend collation and distribution. Company makes profit and allocates dividends for investors, who in our case are token holders. Based on the Tokens held and dividend rights, the amount of dividend is found out for each token holder. FMT tokens stored as dividends and sent to the Investor Account. Investors along with holding the token can also hold the FMT tokens as dividend in its account which can go accumulating. As per the investor's needs the FMT Tokens can be redeemed by the Investor with a request to Admin or through the marketplace.

Investor Rating the companies: Investor/Community members evaluate each company on different parameters like Business, Tokenomics, Team, Technology, etc., and further rate and vote the companies on each of the sub-areas mentioned above. An overall rating of a company is calculated, which is the average of all the individual investor ratings. This will be used as Compliance criteria as required for Investor Protection.

Mapping

Following is how Finminity platform is aligned with the DeFi layers and what are the functions that each layer brings into the overall ecosystem

04

ORACLES FOR 3rd PARTY INTEGRATION

With Ethereum Oracles and API Integration with Finminity to Broker/Dealers, Fund Houses, Lending Service Providers, the Tokens can be packaged as Investment Products bearing interest and sold to external investors. Even investors can get loans against these securities.

03

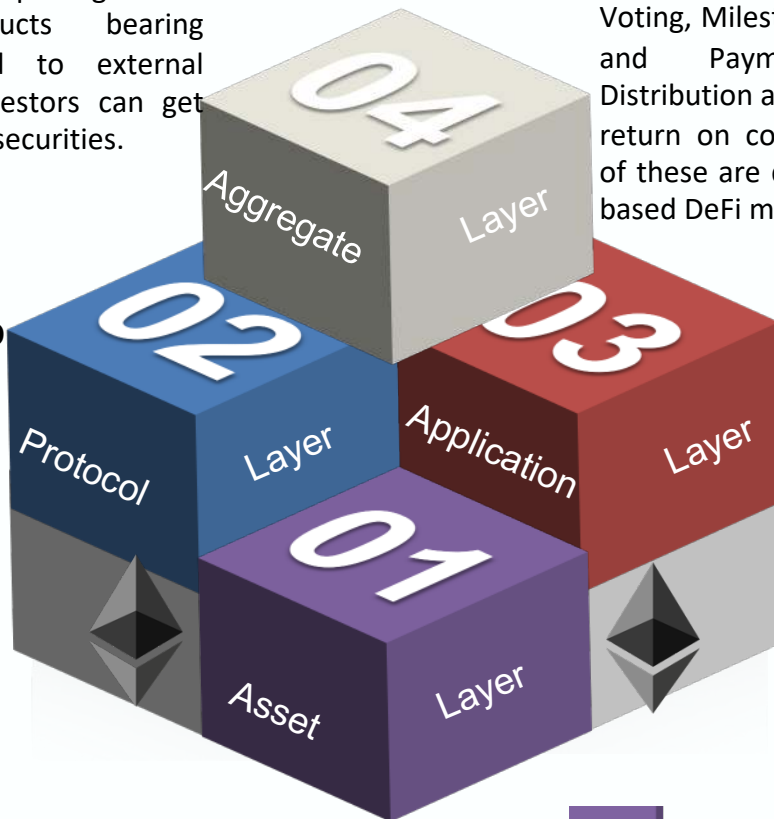
DEFI INVESTOR SERVICES

Through a DeFi aligned Investor Services module, Investor Resolution Management and Voting, Milestone based Escrow and Payments, Dividend Distribution and Investor money return on company failure. All of these are done on Ethereum based DeFi module

02

REGULATED FUND RAISE

Through our integrated YourVC Platform companies who tokenize on Finminity can raise funds in a regulated manner by selling their tokens through a watertight KYC AML process, under the supervision of regulators. Investors can use the Marketplace to sell these tokens to get liquidity



01

DEFI TOKEN ENGINE

Finminity Tokenization Engine allows companies to do asset token mapping, onboarding the company on Blockchain, ERC 1404 standard Token Creation and Token Allocation to investors.

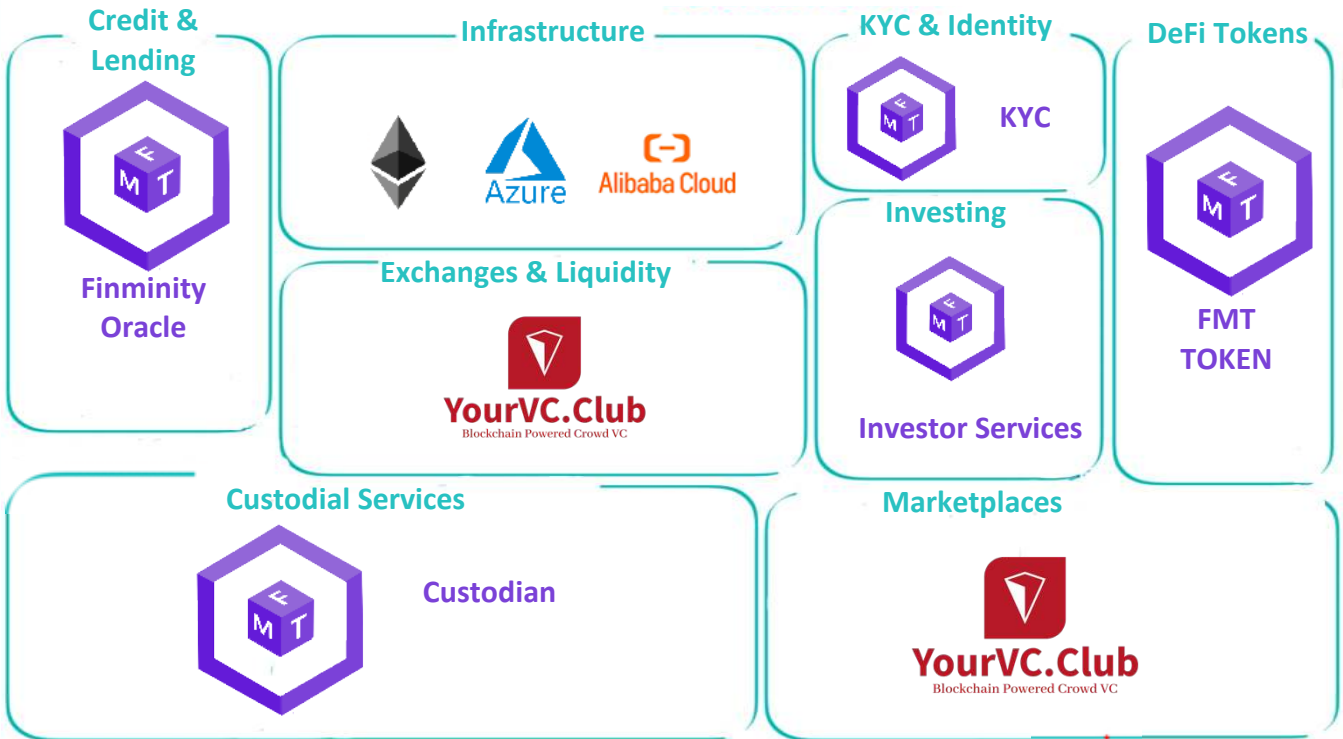
This token engine also does the KYC check of the company before it is onboarded.

Finminity Functions Mapping to DeFi Stack

Mapping

Following is how Finminity functional modules are aligned with DEFI functions that we know of -

Finminity Modules Mapped to DeFi Stack



WE HAVE CLEAR ADVANTAGE ! WHY?

BECAUSE WE HAVE BUILT IT TO HELP ENTREPRENURS, ITS SEES THEIR PROBLEM IN ITS ENTIRETY

Crowdsourcing

CROWDCUBE

SEEDRS

EUREECA

REPUBLIC

FUNDEDBYME

Tokenization

SECURITIZE

DESICO

POLYMATH

NEUFUND

Marketplace/Exchanges

tZero

COINBASE

OPEN FINANCE
NETWORK

P2P Lending

LOCALCRYPTOS

LENDINGCLUB

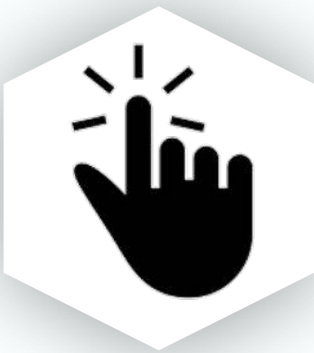
GENESIS





TOKENIZATION FEE (ONE TIME)

- FMT keeps 5% as commission for the Total Fund Raise for TOKENIZATION



PLATFORM USAGE (RECURRING)

- Resolution & Voting Services
 - Custodian/SPV services
- Blockchain Escrow Services for Milestone Payment
 - Dividend & Bankruptcy Management
- Find the next institutional investor for exit options

Our Current Customers

While Finminity (www.Finminity.finance) itself is a token issuance and liquidity platform itself, a Finminity group company YourVC (www.yourvc.club) has a regulated security token powered regulated Crowdfunding license in Middle East and is in process of acquiring a European License. It is also talking to a number of small and medium enterprises (SMEs) who want to tokenize their large investor's asset holding and sell them in a secondary market.

Due to ongoing Crowdfunding campaigns driven by YourVC, Finminity will get a steady stream of revenues.

The below table illustrates the yearly projections for the Finminity in USD (MN)

	FY 19	FY 20	FY 21	FY 22	FY 23
# SMEs using FMT	3	10	15	20	25
SME Raise through TO	\$ 500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 2,000,000
FMT Tokenization Fees	5.0%	5.0%	5.0%	5.0%	5.0%
Revenue from Commission	\$ 75,000	\$ 750,000	\$ 1,125,000	\$ 1,500,000	\$ 2,500,000
Investor Services Yearly Recurring Fee	\$ 30,000	\$ 100,000	\$ 150,000	\$ 200,000	\$ 250,000
Total Revenue	\$ 105,000	\$ 850,000	\$ 1,275,000	\$ 1,700,000	\$ 2,750,000

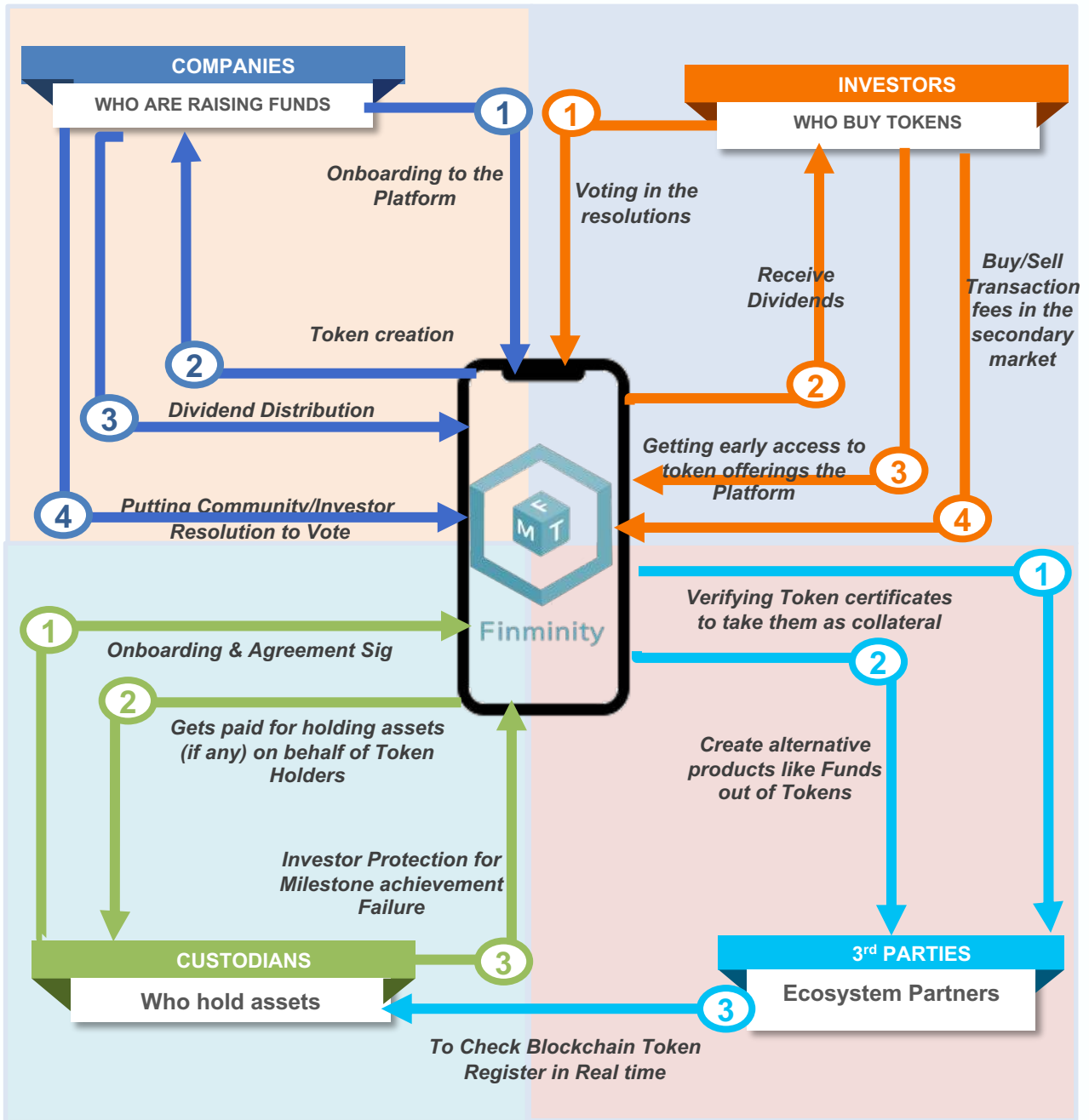
Employee Cost	\$ 227,143	\$ 389,429	\$ 477,543	\$ 559,869	\$ 614,284
Mktg Expense	\$ 94,857	\$ 99,429	\$ 140,917	\$ 147,749	\$ 154,922
Statutory Expense	\$ 60,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Office Expense	\$ 60,000	\$ 60,000	\$ 66,000	\$ 66,000	\$ 72,600
Total Expense	\$ 442,000	\$ 578,857	\$ 714,460	\$ 803,617	\$ 871,806

Profit	-\$ 3,37,000	\$ 271,143	\$ 560,540	\$ 896,383	\$ 1,878,194
Cumulative Profit	-\$ 3,37,000	-\$ 65,857	\$ 494,683	\$ 1,391,066	\$ 3,269,260

↓
Break Even

Finminity Tokens Usage within the Ecosystem

Finminity DeFi tokens, identified by FMT will be used within the platform for the following use cases.



For the Token Offering, there will be 10 million FMT DeFi tokens, out of which **2.98 million available for Sales**. The **Hard Cap is ETH 770**

Token Symbol: FMT

Token Price : Uniswap Listing at 3000 FMT per ETH

Total No of Token : 10 Mn

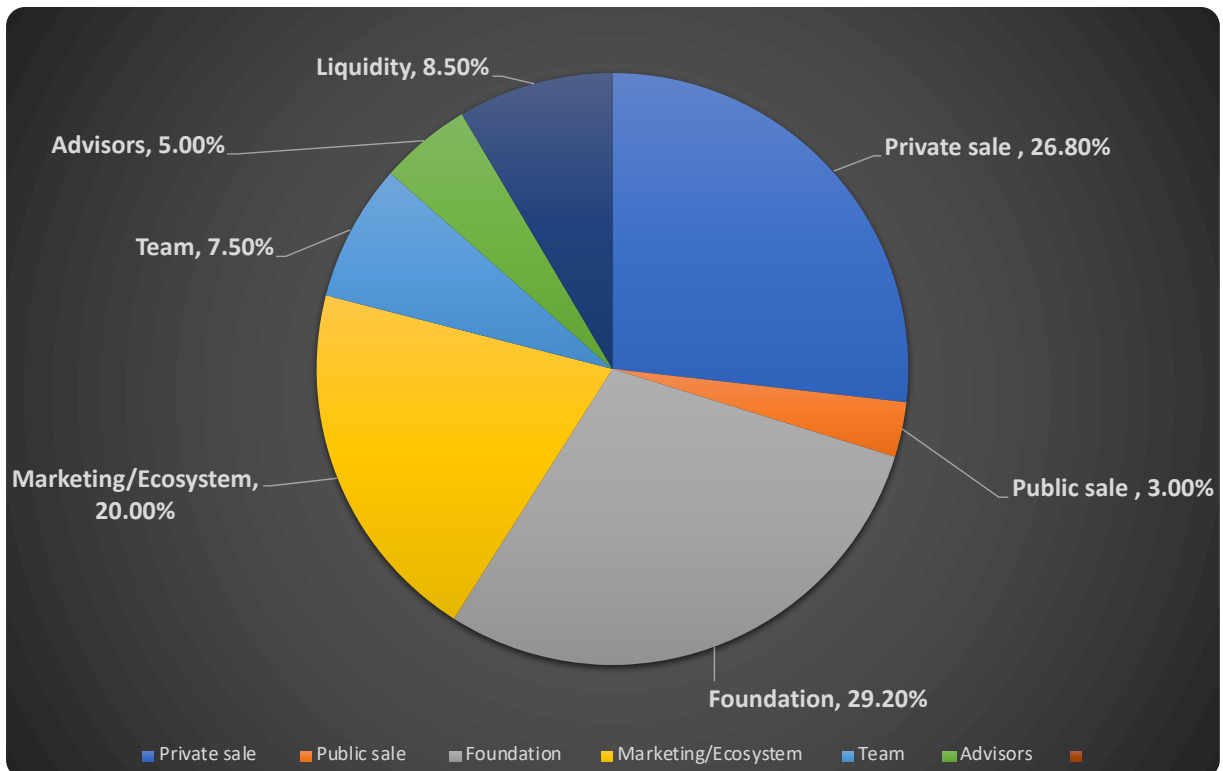
Private Sale: 2,680,000 FMT Tokens @4000 FMT/ ETH – 670 ETH

Public Sale: 300,000 FMT Tokens @3000 FMT / ETH – 100 ETH

FMT TOKEN SALE AND ECONOMIC MODEL

Token Distribution	%	Token Allocation	Release Rate
Private sale	26.80%	2,680,000	25% unlocked, rest vested daily in 9 months
Public sale	3.00%	300,000	75% unlocked, rest vested daily in 30 days
Foundation	29.20%	2,920,000	2 months locked, rest vested daily in 10 months
Marketing/Ecosystem	20.00%	2,000,000	Unlocked, used for marketing only
Team	7.50%	750,000	2 months locked, rest vested daily in 10 months
Advisors	5.00%	500,000	5% unlocked, rest vested daily in 10 months
Liquidity	8.50%	850,000	Uniswap + CEX Listing Liquidity
Total Circulation	100%	10,000,000	

Please check our website www.finminity.com and telegram <https://t.me/FinminityOfficial> for public sale link and token prices

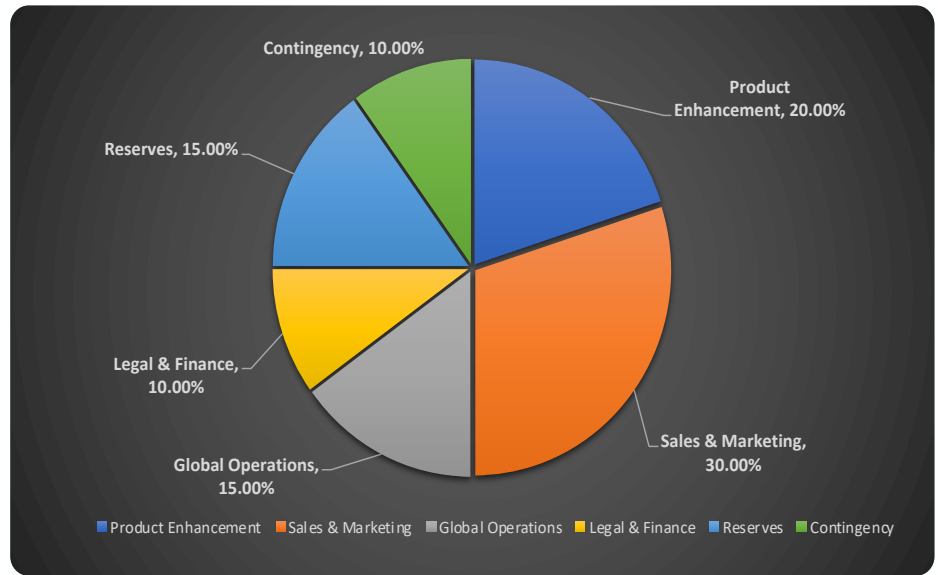


Token Allocation & Usage

We believe that with out a thriving community and ecosystem through which we can onboard new projects and have more uses cases of our platform, we won't grow big. As a result, we have set aside a good amount of tokens for Ecosystem and Foundation. In addition to keep the market cap optimum we have kept the right mix of private and public allocation of tokens in the sales.

Funds raised during the token sale will be primarily used for the sales & marketing of the FMT platform. **30% of the funds will be allocated for platform sales marketing and operating expense.**

Another **20% of the funds will be used for Product Enhancement** for new projects that come into the platform, building third party interface, exchange and platform maintenance. **25% of the funds will be kept for Operations and Contingency.**



Usage of Proceeds

Token creation and sales process will be handled based on smart contracts running on the Ethereum (ERC20) protocol. Investors will send USDT/ETH to a designated contract address and the relevant number of tokens will be credited in their crypto wallet after public sale completion.

Below we list a summary of key steps that have already taken in the last 2 years and how we plan to proceed forward in a profit generating sustaining entity. A more detailed journey of the company is available in website www.Finminity.com

ROADMAP



The Token Purchaser understands that the purchase of or subscription for Blockchain Tokens involves substantial risk, including, without limitation, the following :

1. The Company has a limited operational history. The Company maintains sole discretion in the conduct of its business, including as related to its offer, maintenance and use of any Blockchain Tokens. The Purchaser will not have the ability to influence the performance or decisions made by Company.
2. The purchase of Blockchain Tokens is subject to severe constraints on liquidity. At the time of the Token Distribution Event, there is no market for the Blockchain Tokens and such market may not develop. The Purchase of Blockchain Tokens is suitable only for sophisticated and experienced Purchasers who are financially able to maintain their tokens for an indefinite period of time and who can afford a loss of their entire Purchase Amount.
3. Purchase of Blockchain Tokens is highly volatile and speculative, and considered highly risky. In particular, the Purchaser understands and accepts the inherent risks associated with Blockchain Tokens, including, but not limited to, risks associated with (a) decentralization of the Blockchain Tokens; (b) money laundering; (c) fraud; (d) high volatility; (e) anonymity of transactions; (f) exploitation for illegal purposes; (g) theft; (h) instability and other flaws of Blockchain Tokens exchanges or brokers/custodians; (i) the lack of regulation of Blockchain Tokens as of the date hereof.
4. The Purchaser understands and accepts that the software and hardware, technology and technical concepts and theories usually used by issuers of Blockchain Tokens is still in an early development stage and unproven, there is no warranty that the technology will be uninterrupted or error-free and there is an inherent risk that the technology could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of the Blockchain Tokens and the Purchaser's entire Purchase Amount.
5. The Purchaser understands and accepts that the blockchain technology which most Blockchain Tokens are based on, allows new forms of interaction and that it is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, blockchain technology based applications, which may be contrary to any setup of the purchase process and which may, inter alia, result in an adverse effect to any purchase, including the termination & the loss of all the Blockchain Tokens & the Purchaser's entire Purchase Amount.
6. The Purchaser understands and accepts that the distribution of a Blockchain Token and the development of projects financed by the sale of Blockchain Tokens, to the extent there are such projects, may be abandoned for a number of reasons, including but not limited to failure of the project, lack of interest of the industry and/or the public, lack of funding, lack of commercial success or prospects (e.g. caused by competing projects) etc. The Purchaser therefore understands that there is no assurance that, even if such project is partially or fully developed and launched, the Purchaser may receive any functionality through the Blockchain Tokens held by him, and that they may become worthless. The Purchaser further understands and accepts that a project financed by the sale of Blockchain Tokens, may give rise to other, alternative projects, promoted by third parties unaffiliated to the issuer of the Blockchain Token, under which the Blockchain Tokens will have no intrinsic value.

8. Blockchain Tokens are usually accessed using a private key that corresponds to the address at which it is stored. The Purchaser understands and accepts that if the private key, or the “seed” used to create the address and corresponding private key got lost or stolen, the obtained Blockchain Tokens associated with the Purchaser's address might be unrecoverable and will be permanently lost.
9. The Purchaser understands and accepts that the underlying software application and software platform of Blockchain Tokens, the internet, the blockchain network, the Purchaser, and other involved software, technology components and/or platforms concerned with Blockchain Tokens may be exposed to attacks by hackers or other individuals that could result in theft or loss of the Blockchain Tokens and the Purchaser's entire Purchase Amount.
10. The Purchaser understands and accepts that public blockchain based systems depend on independent validators, and therefore may be vulnerable to consensus attacks including, but not limited to, double-spend attacks, majority voting power attacks, race condition attacks and censorship attacks. Any successful attacks present a risk to such system, expected proper execution and sequencing of the Blockchain Token transactions, and expected proper execution and sequencing of software computations, including loss of the Purchaser's entire Purchase Amount.
11. Our Company does not recommend purchasing Tokens for speculative investment purposes. You acknowledge, understand and agree that holding FMT Tokens is not a guarantee, representation or warranty that the holder will be able to use the Company, or receive any tokens utilized by the Company.
12. Finminity (FMT) Tokens do not entitle you to any equity, corporate governance, dividends, voting or similar right or entitlement in the Company or in any of its affiliated companies.
13. Purchaser should acknowledge and agree that you are not purchasing FMT Tokens for purposes of investment, speculation, as some type of arbitrage strategy, for immediate resale or other financial purposes. You acknowledge that all purchases of FMT Tokens are final and non-refundable, and the Company is not required to provide a refund for any reason and that you will not receive money or other compensation or any form of a refund, and you consent to no right of withdrawal from the IEO.
14. The Purchaser understands and accepts that the commonly Blockchain Tokens networks use an in-built decentralized governance system (“**Governance System**”). For these reasons, it is possible that the Governance System adopts proposals that have an adverse effect on the useful functioning of such networks and/or the value of the applicable Blockchain Tokens. If a Governance System is attacked, or becomes controlled either directly or indirectly by some party who makes unwise decisions, or the community generally makes unwise decisions, the value of the Blockchain Tokens might be greatly reduced or even completely lost.
15. Additional Representations:
 - a)The Purchaser hereby represents that neither it nor any person or entity directly or indirectly controlling, controlled by or under common control with it is a person identified as a terrorist or terrorist organization on any relevant lists maintained by governmental authorities.
 - b)None of the cash or property that the Purchaser has paid, will pay the Company as Purchase Amount has been or shall be derived from, or related to, any activity that is deemed criminal under the laws of any applicable jurisdiction.

Please note that you must read in full before: (i) making use of this White Paper and any or all information available on the website(s) of Finminity.com and/or (ii) participating in the Company's token sale outlined in this White Paper and governing terms (the "Token Sale"). The information set forth (i) in this White Paper; and (ii) available on the Website (collectively referred to as the "Available Information") may not be exhaustive and does not imply any elements of a contractual relationship.

The token sale will be a voluntary process towards the building and execution of the platform and exchange. You acknowledge that all purchases of tokens are final and non-refundable, and the Company is not required to provide a refund for any reason and that you will not receive money or other compensation or any form of a refund, and you consent to no right of withdrawal too. U.S citizens will come under the Restricted Persons list and are not allowed to invest on the platform as investors. These compliance checks will be done during investor registration process and also in whitelisting.

Finminity plans to operate within the legal framework of the law of the British Virgin islands. You should carefully consider and evaluate each of the risk factors and all other information contained in the Terms before deciding to participate in the Security Token Sale.

Risk Factors

Please read carefully the following risk factors in relation to purchase the Tokens sale and the representation and warranties of the Investor i.e in purchase of the FMT tokens. Please note that the information on risk factors provided in this section should not be considered comprehensive and covering all aspects of the risk factors associated with the company.

Risks Related to Finminity company :

- **Credit Risk** - This is a potential loss that may arise due to the failure of company Finminity to fulfil its contractual obligations or improper fulfilment of them due to failure in Finminity company as a business or other factors.
- **Liquidity Risk** - It is a risk to incur losses or higher costs due to the fact that the Finminity cannot timely fulfil its payment obligations.
- **Operational Risk** - Risk to suffer losses due to inadequate or unenforced internal control processes of Finminity, employee errors and unlawful actions, technical and software malfunctions.
- **Strategic Risk** - It is the risk arising from external and internal environmental factors that could negatively influence the achievement of the goals of Finminity as a company.
- **Income Risk** - These are the risks arising from inefficient management and the inability to ensure a sufficient long-term income of Finminity as a company.

The Team

The core team behind Finminity consists of world renowned regulatory experts, finance gurus, technological innovators and visionary entrepreneurs.

MANAGEMENT TEAM



Raanngin (Ron) Lahirih – CEO, Founder and Champion for Finminity

Founder of a cutting edge Blockchain Product company Qlikchain. 20+ yrs. experience in Technology domain with Cognizant, PwC, IBM as Practice Leader, Director, Partner roles. P&L responsibility of Digital Transformation practices spanning multiple geographies. Has worked with Atos Consulting in Netherlands to drive Digital & Customer Experience Solutions. In addition, he has been a visiting faculty of IIM-Kolkata’s Relationship Marketing and has authored quite a few thought leadership research papers.



Shaik Hamdan– Co-Founder, Marketing & Sales Leader - MEA

Based out of Abu Dhabi, Shaik is the Sales Leader and Director for Finminity . Shaik has been the CEO of Next IT Systems and is one of the earliest IT entrepreneurs in UAE with great reach and control of the market. Shaik is a serial entrepreneur and brings into the table his 25 years of diverse sales and stakeholder connects of the Middle East Market



Avijit (Avi) Samanta - CTO

Avijit has 15+ yrs. of enterprise grade cross-industry, multi technology hands-on, fintech software experience around product design and technology management. He is a Cloud Architect, Blockchain Evangelist and a master of service Integration of Blockchain Smart Contracts with real world of business applications. Avi holds a MBA in Product Management and a multitude of technology certifications and has the right mix of techno functional problem solving experience.



Lester Lim – Strategic Advisor

Founder of x21 digital. he incubates and supports promising projects via his marketing experience & vast connections within the blockchain ecosystem. Also strategic advisor to Mahadao & Finxflo, Vortex DeFi etc.



Thank You