Open Finance
Network

Trading Real Assets on Blockchain

**EXECUTIVE
SUMMARY**

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OVERVIEW

The OpenFinance Network is the leading trading platform for alternative assets. We work with the millions of investors who hold assets in the $7.7T alternatives market (e.g. hedge funds, private equity, limited partnerships, non-listed REITs, business development companies (BDCs), Regulation D, Regulation A+, Regulation CF and other crowdfunded assets). We integrate directly with the brokers, custodians and transfer agents who participate in this space, including Merrill Lynch, Ameriprise, Pershing, LPL, Fidelity, TD Ameritrade, Pensco, DST and ComputerShare.

Already a trusted player in the industry since 2014, we have direct insight into the flaws and shortcomings of the current market model. As a self-clearing broker-dealer, we touch all aspects of the securities transaction lifecycle, and have to deal with the antiquated clearing & settlement process of the industry; with a lack of standardization, non-interoperability and manual reconciliation across the ledgers of multiple intermediaries and counterparties.

Leveraging the advancements in blockchain technology to build on our success to date, we have developed a framework to transform the trading, clearing & settlement process in our industry, utilizing distributed ledger technology to bring efficiency, transparency, and interoperability to a fragmented market. Moreover, this interoperability also applies between "traditional" alternative assets and the emerging "crypto" alternative asset class, creating a mechanism of tokenized trading to bridge the gap between off-chain and on-chain capital markets.

DECENTRALIZED SECURITIES DEPOSITORY

We have developed a decentralized securities depository system for the alternative asset industry. This will not only make the industry more efficient, but will also provide increased access and better service to the investing public at large.

The OpenFinance Network (OFN) is a protocol and framework for the processing of securities transactions, initially focused on the clearing & settlement process but intended for the entire securities lifecycle. This provides a common framework and communication protocol by which to standardize alternative assets and provide interoperability between the data silos of market participants. The OFN blockchain builds on the Ethereum consensus mechanism and utilizes smart contracts, standardized object models and network adaptors to bring the strengths of distributed ledger technology to the alternative assets industry. A zero-knowledge proving system is utilized to bring full transparency of auditable data to the public without leaking the underlying data.

TOKENIZED TRADING

The emergence of Initial Coin Offerings (ICOs) in 2017 has created a new asset class that challenges the construct of traditional financial markets and has put a further strain on a regulatory framework that has not been able to keep up with the rapidly evolving state of distributed ledger technology. With this new evolution of securities comes uncertainty from issuers and shareholders on matters of asset custody, ownership transfer and financial reporting.

The OpenFinance Network is designed for both traditional alternative assets and crypto/token securities, and allows for a streamlined compliant process from issuance to secondary market trading. Securities token trading is fully supported on day one and can be processed alongside other alternative assets in a standardized uniform fashion. Further, as the industry shifts towards a distributed ledger based book-entry process, issuers can leverage the system to connect to the "on-chain" crypto capital markets. OFN also provides mechanisms for a securities token protocol, S3 (Smart Security Standard), and issuance, bringing a full end-to-end solution for securities token issuance and trading.

While some may see "traditional vs crypto" as two different markets, we see a natural convergence of the off-chain and on-chain capital markets as the adoption of blockchain technology expands. From initially seeking to reduce back-office costs to accessing broader capital markets, the strengths of blockchain technology will ultimately create an environment for "smart securities" that is not only more efficient but will also provide increased access and improved service to the investing public at large.

GO-TO-MARKET STRATEGY

Our go-to-market strategy consists of releasing a public API, and providing open source network adaptors and embedded applications to allow for frictionless integration to the broader network. We will cultivate a collaborative environment where industry participants can work with the development community to create additional adaptors and integrations.

DEVELOPMENT TEAM

Our core team consists of exchange technologists, blockchain developers, mathematicians, securities lawyers, and trading industry veterans.

JUAN M. HERNANDEZ – CEO

A serial entrepreneur, Juan has built multiple start-ups, including PeerRealty, Endurance Commerce, and the Pop Stock Exchange. Prior to entrepreneurship, Juan spent his career designing and developing financial exchange platforms, algorithmic trading systems and healthcare security networks. Juan holds a CS degree from Northwestern University and an MBA from the Kellogg Graduate School of Management.

TOBIN MCCOMAS – HEAD OF SALES

Tobin leads the institutional sales team. Prior to OFN, he worked in the Institutional Equities space for CLSA Americas and Sanford C. Bernstein & Co. While at CLSA, Tobin was responsible for the equity research sales effort for the US Midwest. Prior to that, he led US equity research sales in the London, UK office for Sanford C. Bernstein after covering institutional asset managers in Boston.

JORDAN FISHFELD – GENERAL COUNSEL

Prior to OFN, Jordan worked as a finance attorney for Katten Muchin Rosenman, LLP, and assisted in the rule development of the JOBS Act. Jordan holds a JD and MBA from the University of Miami.

KAEL SHIPMAN – HEAD OF TECHNOLOGY

Kael has over 12+ years of experience and is a veteran of the financial services software industry. Kael is a regular contributor to many open source projects across the web.

THOMAS MCINERNEY – HEAD OF BLOCKCHAIN DEVELOPMENT

Thomas has extensive blockchain experience, previously working on an Ethereum Network Streaming Music Distributed Application. Thomas has a finance degree from the University of Illinois and was previously involved in the financial services industry with UBS.

IAN SHIPMAN PH. D. – HEAD OF R & D

Ian holds a Ph. D. from the University of Chicago in algebraic geometry, which includes the study of elliptic curves. Ian is a functional programmer whose interests range from distributed systems to type theory. Prior to OFN, he was a Postdoctoral Researcher at Harvard University.

DAN BREEN – HEAD OF OPERATIONS

An industry veteran with over 25 years of experience, Dan has executed over 25,000 transactions in over 900 uniquely named assets totaling over $250 million of volume in the secondary market for alternative assets.

INVESTORS

BK CAPITAL MANAGEMENT

POLYNEXUS CAPITAL

WEST LOOP VENTURES

INOVIA CAPITAL

M25 VENTURES

SIXTHIRTY

HARVARD ANGELS

ORIGAMI CAPITAL PARTNERS

TRIBAL VENTURES

ADVISORS

WILLIAM MOUGAYAR

William Mougayar is a renowned enterprise blockchain expert, author of the Business of Blockchain, and a board member of the Ethereum Foundation.

DAVID KRELL

David Krell co-founded the International Securities Exchange, a leading U.S. equities options exchange, in 2000 and served as President and CEO at the firm. The ISE was the first fully electronic U.S. options exchange, and was acquired by NASDAQ in 2016.

JOHN KELLY

John K. Kelly served as the COO at Liquidnet until 2014. Liquidnet is a global institutional dark pool trading network that connects asset managers with liquidity. Liquidnet trades in 45 equity markets for asset management firms who collectively manage US$15 trillion.

JEFF CARTER

Jeff Carter is the founder of West Loop Ventures, a venture capital firm that invests in B2B financial technology startups that solve problems in institutional finance. Prior to that, Jeff formed the Hyde Park Angels, one of the most active angel groups in the United States, in 2007, and was also a former CME member & trader.