PersonalTokenNet

Getting Started

What is a personal token?

Your personal token is an instrument that represents your equities in companies and other personal tokens.

Personal tokens exist within a network (the "Net"). Every user, whether they want to raise capital, or invest in other personal tokens, will need to create their personal token.

When you first create your personal token, it's divided into 10 million shares - which you own all of. When you raise capital, you issue new shares to investors who become your personal token "shareholders".

Your personal token contains information about who you are, your token shareholders, and history of transactions: fundraising events, assets (equities in companies and other personal tokens) and investment history.

You can only have one personal token on the network. You can't delete an existing personal token to create a new one.

A personal token is associated with a wallet that holds [USDC](https://www.notion.so/docs-1f97eb80e06c800a84e8e4bf40fc04c9?pvs=21). This wallet is where funds are deposited when you successfully raise capital by selling shares of your personal token, and where funds are withdrawn from to facilitate investments you make in other personal tokens.

Create your personal token

During the onboarding you'll receive a link to verify your identity by submitting a government issued ID and a selfie photo.

Once your identity is verified, you'll be issued a personal token and will be able to start transacting on the Net.

You can only have one personal token on the Net.

Fundraise

Overview

You can raise capital by selling shares of your personal token through discrete fundraising "rounds."

When you initiate a round, you specify the terms of your offering: how many shares you want to sell and at what price per share. This establishes your token's valuation and determines how much ownership percentage you're transferring to investors. For example, selling 1 million shares (10% of your token) at $1 per share values your entire token at $10 million.

You can share a link to your active round with prospective investors, who can then indicate their interest and proposed investment amount. You maintain complete control over investor selection, allowing you to curate your cap table strategically. Each investor you accept will receive shares proportional to their investment, becoming shareholders.

When you complete the round, the investment funds are immediately deposited into your personal token wallet, and the Network automatically updates all ownership records to reflect the new distribution of shares.

Dilution

With each funding round, ownership percentages shift as new shares are issued. Your original shareholders (including yourself) will experience some degree of ownership dilution as the total number of outstanding shares increases.

Dilution is when the percentage ownership of existing shareholders, including the token owner, decreases when the token owner issues new shares during a fundraising round.

For example: let's say your personal token has 10 million total shares, and you own 9 million (90%) after an initial fundraising round where investors purchased 1 million shares (10%). If you decide to raise more capital by selling an additional 1 million new shares, the total share count increases to 11 million. After this second round, you would own 9 million out of 11 million shares (approximately 81.8%), while your initial investors would own 1 million out of 11 million (approximately 9.1%). T

To create alignment with early investors who take the highest risk, personal tokens incorporate certain protections borrowed from traditional equity structures:1

1. Pro rata rights: existing shareholders have the right (but not obligation) to participate in future funding rounds to maintain their ownership percentage. This gives early believers in your potential the opportunity to continue supporting your journey without being diluted. 2. Information rights: shareholders must receive notice of an upcoming fundraising round at least a week in advance so that they have time to exercise their pro rata rights. 3. Anti-dilution provisions: if you raise capital at a valuation lower than previous rounds (a "down round"), the Network will automatically adjust share allocations to protect early investors from severe dilution, similar to [weighted-average anti-dilution provisions](https://www.andrew.cmu.edu/user/fd0n/53%20Weighted%20Average%20Anti-dilution.htm) in traditional venture financing.

Start Fundraising Round

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Invite Investors

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Open Round To Net

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Manage Round

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Fees

When you use the Network, three types of transaction fees apply:

1. Gas fee: a nominal amount (usually a few dollars) to facilitate the transaction in the Network. 2. Secondary sales fee: a 2% fee on secondary market transactions, split between token owners (1.5%) and the Network (0.5%). 3. Equity fee: a small equity stake in the personal token (0.1%) is given to the Network for each fundraising round.

To facilitate the secondary sales and equity fees, we have a [Network Token](/docs/network-token). The Network Token is similar to other personal tokens except that:

1. It's not tied to any individual user, but rather to the Network itself. 2. It represents ownership in an index of all personal tokens in the ecosystem.

Whenever equity in a personal token is sold through a fundraising event, the 0.1% equity stake is automatically granted to the Network Token. The more fundraising rounds for a personal token, the greater the Network token's equity in that personal token.

Dividends

If you have shareholders in your personal token, whenever you sell equity in a personal token or a company at a profit, the capital gains (the profit portion, not the entire proceeds) from that sale are distributed to those who hold equity in your personal token - proportional to how much equity they hold.

For example, if you purchased personal token or company shares for 10,000 USD and later sold them for 15,000 USD, the 5,000 USD profit would be distributed to your personal token shareholders according to their ownership percentages.

Capital gains distributions flow directly to the holders of the seller's personal token, but do not cascade further up the network. For example, if Alice holds shares of Bob's personal token, and Bob holds shares of Dan's personal token, then when Dan sells equity and generates capital gains, these gains are distributed proportionally to Dan's token holders (including Bob) but stop there - they do not automatically flow up to Bob's token holders (like Alice). Alice can only benefit from Dan's success indirectly if Bob's token value increases due to his gains from Dan, and Alice then sells her equity in Bob's token at this higher value.

Dividends are immediately paid out when you sell equity in a personal token - since that capital and information lies within the network. On the other hand, when you sell equity in a company, it's your responsibility to pay dividends for that to your shareholders through the network. You can do this on a yearly basis, by the US tax deadline.

We're building tooling to make this a very simple process for you. Any discrepancies / delays may affect your reputation in the network, which will be visible to your shareholders, future shareholders, and those you want to invest in.

Reporting Capital Gains

If you have shareholders, when you sell equity in companies, since they exist outside of the Network, it's your responsibility to report these transactions and distribute the appropriate capital gains to your shareholders. If you don't have shareholders there's no need to report.

You are required to report your equity sales once a year, before the tax deadline. You'll provide basic information about what you sold, when you sold it, your original purchase price, and the sale price.

Most users can complete this annual reporting in minutes through our simple interface. We're actively building integrations with popular equity management platforms and investment services, which will allow many of your transactions to be imported automatically when these integrations launch. For transactions not covered by these integrations, you'll upload standard documents you're already preparing for taxes, like transaction records or tax forms. Our system calculates the capital gains and processes the actual distribution to your shareholders. If your personal token wallet doesn't have sufficient capital, you will be prompted to deposit the necessary funds.

The Network maintains a reputation system that tracks your reporting history and accuracy. Consistent, timely reporting enhances your reputation score, which is visible to current and potential investors. Significant discrepancies or delays in reporting may affect this score. For larger transactions, a small percentage of distributed funds may be temporarily held in escrow until verification is complete.

We're going to make this process as simple and automated as possible. We'll be there by your side to minimize admin BS.

Withdraw Capital

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Invest

Overview

You can invest in personal tokens _through_ your personal token.

In order to accept an invitation from a user to invest, you must have sufficient capital in your personal token wallet to cover the investment amount.

There are 2 ways to profit from investing:

1. [Dividends](/docs/dividends) 2. Selling shares to another investor (or back to the token owner) at a higher price than you bought them for ([secondary sales](/docs/secondary-sales)).

Deposit Capital

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Secondary Sales

When a shareholder wants to sell their equity in a personal token, they initiate a "Secondary Sale Request" in the Network. This request specifies the number of shares they wish to sell, their asking price, and how long the offer remains valid. Similar to private companies' [Right of First

Refusal](https://www.angellist.com/learn/right-of-first-refusal) (ROFR), the token holder gets the first opportunity to purchase these shares. This ensures token holders maintain influence over their cap table and prevents unwanted parties from acquiring shares. If the token holder declines to purchase the shares, other existing shareholders receive second priority to maintain alignment among current investors.

The ROFR period lasts 14 days for the token holder and an additional 7 days for existing shareholders. If no existing shareholders purchase the shares during this period, the seller can either list their shares on the Network's internal marketplace or have someone they know apply to invest. All transfers must be approved by the token holder, and shares can only be transferred to other verified users in the Network.

For each completed secondary sale, a small royalty fee (2%) is automatically collected from the transaction value. This fee is split between the token owner (1.5%) and the Network (0.5%). This royalty structure creates an incentive for token owners to approve secondary sales, providing liquidity for early investors while generating ongoing returns for token owners as their personal token gains popularity in the secondary market.

For example: an investor purchased 100,000 shares of your personal token at 2 USD per share (200,000 USD total) during your fundraising round three years ago. Now, they wish to sell 50,000 shares at 5 USD per share (250,000 USD total) through a Secondary Sale Request. If you exercise your right of first refusal, you would pay 250,000 USD to reacquire these shares. If you decline, your existing shareholders have 7 days to purchase these shares. Assuming the sale completes at the 5 USD price, a 2% fee (5,000 USD) would be charged, with 3,750 USD (1.5%) going to you as the token owner and 1,250 USD (0.5%) going to the Network. The seller would receive 245,000 USD, and the buyer would receive 50,000 shares.

Other

Network Token

the Network token represents all of the personal tokens in the Network.

The Network token has a total supply of 100 million shares, with only 20% (20 million shares) available for trading at launch. This controlled release helps maintain stability in the early phases of the Network. The available supply will increase gradually over time as the Network grows, with additional portions being released at key milestones in the Network's development.

Similar to personal tokens, the Network token accrues dividends. The wallet associated with the Network token serves as the Network's treasury. When new revenue enters the treasury, 30% is immediately distributed to Network Token shareholders, while 70% is retained to fund operations, legal compliance, development, security, and maintenance of the Network. Over time, as the Network matures, the distribution percentage will gradually increase to favor shareholders.

Reputation

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Legal

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Company Structure

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