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**Seminar Report on**  
**Blockchain Fundraising**

**In partial fulfillment of M.Sc. (INFORMATION TECHNOLOGY)**

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**Project Guide**

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**Topic :- Blockchain Fundraising**

**What is Blockchain?**

Blockchain, sometimes referred to as Distributed Ledger Technology (DLT), makes the history of any digital asset unalterable and transparent through the use of decentralization and cryptographic hashing.

The blockchain is used for the secure transfer of items like money, property, contracts, etc, without requiring a third-party intermediary like a bank or government. Once data is recorded inside a blockchain, it is very difficult to change it.

**Blockchain** can be defined as a chain of blocks that contains information. The technique is intended to timestamp digital documents so that it's not possible to backdate them or temper them. The purpose of blockchain is to solve the double records problem without the need for a central server.

## How Blockchain Changes the fundraising Game

So where does blockchain come in? The natural advantages of blockchain technology can support and improve crowdfunding in several distinct areas:

- **Decentralization.**

The blockchain is completely decentralized. This means it isn't going to rely on any platform or combination of platforms to enable creators to raise funds. That's going to have multiple positive effects for the crowdfunding community. For starters, you'll no longer be beholden to the rules, regulations, and whims of the most popular crowdfunding platforms on the internet. Literally, any project has a chance of getting visibility and getting funded. It also eliminates the problem of fees. While blockchain upkeep does cost a bit of money, you'll cut back drastically on transaction fees. This makes crowdfunding less expensive for creators and investors.

- **Accessible equity (or something similar).**

Instead of crowdfunding to enable preorders of upcoming tangible products, blockchain could rely on asset tokenization to provide investors with equity or some similar concept of ownership. For example, an inventor who plans on creating multiple new products with the incoming funds could grant each new investor with a small ownership stake in the company, commensurate with the amount they contribute. That way, investors will see success proportional to the eventual success of the company. This could potentially open whole new worlds of investment opportunity.

- **Universal availability.**

Any project using a blockchain-based crowdfunding model can potentially get funded. Also, any person with an internet connection can contribute to those projects. There may be some demand for discovery and visibility platforms. But, there isn't a fundamental limitation the way there is for crowdfunding projects today.

- **Immediate provision.**

Blockchain-based crowdfunders wouldn't have to worry about the "empty promises" that have plagued modern-day crowdfunding projects. Instead of contributing money and waiting weeks or months to receive the promised product they, contributors will immediately receive fractional

enterprise or product ownership.

- **Flexible options.**

Using the blockchain as asset tokenization grants creators and entrepreneurs more liberties. They can raise more funds by issuing more fractional shares in their enterprise and use those funds to expand. Yet, they can also leverage those fractional shares directly. For example, they could save money on hiring employees by compensating them partially in fractional ownership of the business, converting it into an employee-owned enterprise. Asset tokens become their own form of currency in this model, enabling organizations to do more like hire professionals like marketers and advertisers.

- **Peer to peer exchanges.**

Just like cryptocurrency today, it's possible to exchange crowdfunded business or product stakes on a peer-to-peer basis. This provides contributors with more liquidity for their investments. It could serve as a way to generate more interest in the project overall. This change could eventually precipitate the creation of an entirely new type of marketplace.

## The different terms around fundraising

Before beginning this article, **it is important to note that the various terms explained below are not all airtight**. As we will see in the next chapter, it all depends on what you are issuing. Only the IPO and EO are very specific. Everything else can be done, for example, on the **Talium Assets digital asset management platform**.

### **ICO: Initial Coin Offering.**

It is a fundraising method similar to an IPO but instead of issuing financial securities, **the company issues a financial asset** (cryptocurrency or utility token) **against traditional money or cryptocurrency**. Benefiting from a non-existent or very light regulation until 2018 (in France), this made it much easier to raise funds. However, some scams took advantage of this lack of jurisdiction which made this process less trustworthy. **An ICO can take place on a platform (such as Talium Assets)**, or on an exchange platform (in this last case, that would be an IEO).

**Law:** PACTE on PSANs (see article linked above for more details), FATF on VASPs

**Advantages:** Allows better accessibility to small investors. Today highly regulated.

**Disadvantages:** In France, requires an AMF VISA, which represents a cost. The VISA is optional but nevertheless mandatory if the offer is public or if it is advertised. ICOs do not necessarily enjoy public confidence because many scams have taken advantage of the lack of jurisdiction in the past. Requires the writing of a white paper which can be costly for the issuer.

### **IEO: Initial Exchange Offering.**

An IEO has the same characteristics as an ICO with the difference that the **emission is entirely conducted on a trading platform**. Thus, it is the platform that will manage the smart-contract if applicable, the KYC, a part of the marketing, will make checks on the project, and also allow the

token to be **directly available on a secondary market at the end of the initial issue**.

**Law:** PACTE on PSANs (France), FATF on VASPs

**Advantages:** The exchange platform has token management which relieves the issuer. Reassures the investor. Accessible to small and large investors.

**Disadvantages:** The platform takes a commission which implies a high cost. The issuer must trust the platform.

### **IPO: Initial Public Offering**

It is a **classic fund-raising method** that allows financial assets to be sold for ordinary money, known as “fiat”. An IPO is done on a traditional stock exchange platform.

**Law:** prospectus directive, MIFID II

**Advantages:** Benefits from good user confidence because it is very well supervised. Benefits from its “traditional” character. Due diligence: companies are valued by an external organization which helps to reassure investors.

**Disadvantages:** Not very suitable for small companies. Specially dedicated to large investors (funds, business angels...). Very expensive and a lot of preparation work.

### **STO: Security Token Offering**

This is the **digitization of financial securities on a shared register**. The offers are made via STO platforms (such as Talium Assets) which will allow the management of the issue of securities, KYB, KYC, the compliance of transactions, the possibility to exchange these securities on a secondary market. It's like an IPO on a shared registry, **but much less expensive**.

**Law:** DEEP Decree (France), Prospectus Directive, MIFID II

**Advantages:** Easier access for both issuers and investors. Very fast and inexpensive. Allows constant compliance according to the protocol chosen by the platform. Enables better liquidity. Opens the possibility of a secondary market. Accessible to small and large investors. Suitable for all types of projects.

**Disadvantages:** Legislation is fairly new, does not benefit from a great deal of notoriety for the moment as STOs remain relatively unknown. Not suitable for listed companies.

### **Crowdfunding: Participative financing**

Crowdfunding is another way for companies to raise funds for their project.

When setting up crowdfunding, the company has 4 options:

**Crowd giving:** it is a donation from the participants, without any counterpart.

**Crowdfunding** with a reward: this represents the exchange of a future product or service.

**Crowd equity:** in this case the company sells shares.

Crowdlending: in this case, the company asks for loans that it repays with interest.

Note that **all this can be done in a tokenized way**. For example, for crowd equity, or crowdlending, which represents the sale of shares or bonds, it is possible to digitize these securities on a blockchain type distributed register. In this case, it is an STO and **can be done on the Talium Assets platform**.

**Law:** PACTE law, AMF doctrine. (France)

**Advantages:** Can, since 2019 in France, allow raising with amounts up to 8 million euros for CIP (Conseiller en Investissement Participatif) and PSI (Prestataire de Service d'Investissement) and 1 million euros for IFP (Investissement en Financement Participatif). Raising funds is done quickly and simply from a dedicated platform, such as Talium Assets.

From November 10, 2021, the European regulation on equity financing will impose a threshold of 5 million euros for all providers of equity financing operating within the European Union. The CIP and IFP schemes will then disappear.

**Disadvantages:** Is not suitable for all companies and is mainly aimed at small investors. No secondary market.

## Conclusion

It's no secret that crowdfunding has enormous potential. Even in its current, flawed form, funding is helping new entrepreneurs, inventors, and creators improve the world. In the near future when the blockchain serves as the backbone of democratized investor contributions, it's going to be even more accessible, secure, and flexible for creators and investors. It's only a matter of time though the exact length of time is hard to estimate. There are still some challenges to overcome and only so much blockchain talent to go around.

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**Screenshots :-**

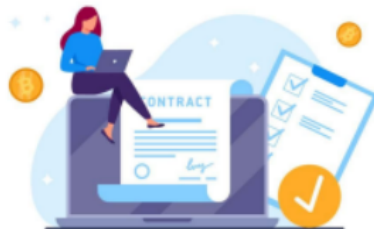
# BlockChain Fundraising

Roll no. 21



## Why Fundraising ?

- For Charity
- For Start up
- For Community





## What is Blockchain Fundraising?

- A blockchain is a database that stores encrypted blocks of data then chains them together to form a chronological single-source-of-truth for the data
- Digital assets are distributed instead of copied or transferred, creating an immutable record of an asset
- The asset is decentralized, allowing full real-time access and **transparency** to the public
- **Fundraising** is the practice of funding a project or donations by raising money from a large number of people,



## Why Blockchain Fundraising ?

The Blockchain build trust with donors, recipients, and other stakeholders

- Decentralization.
- Accessible equity
- Universal availability.
- Immediate provision.
- Flexible options





## Why Blockchain fundraising is better option?

- Cryptocurrency reached and sustained a market cap of more than \$2 trillion in 2021.
- it is the fastest growing asset of the decade.
- According to a recent study by Fidelity Charitable, 45% of cryptocurrency owners donated \$1,000 or more in 2020 to charity
- Donating cryptocurrency is highly tax-efficient.



## Blockchain fundraising for business

- Nowadays in Blockchain fundraising the funds are raised from large number of peoples and in exchange they provide them some amount of assets.
- The assets can be Coins, Tokens, Equities.
- With the help of Fundraising the companies attract investors by doing capital raising  
Example. ICO, IEO, STO

