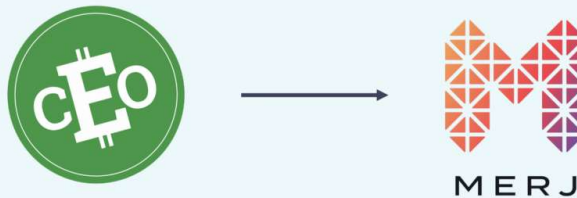

Security Token Advisors Client Curzio Research Lists CEO Tokens on Exchange Partner MERJ in Historical First for Security Tokens

A breakdown of what just happened with the CEO token by Curzio Research and why it is so important for the future of finance and digital securities.

CEO Tokens List on MERJ



What does it mean?

Disclosure: Curzio Research is a client of Security Token Advisors (STA) and engaged STA earlier this year to be consulted on the firm's listing and investor relations strategy.

Curzio Research Lists on MERJ Exchange

On **October 29**, 2020, [Curzio Research](#) listed its Security Token Offering tokens, known as [CEO tokens](#), on Seychelles-based MERJ Exchange. The CEO tokens represent \$4,000,000 USD worth of shares in the company from a financing round in 2019. Upon doing so, the company became the first in the world to be a private United States-based company to list tokenized securities on a foreign public exchange that is open to US citizens and investors from any other recognized jurisdiction around the world.

Issuer Overview

Curzio Research is an emerging leader in the financial newsletter industry and its current model has helped generate more than \$6 million in revenue in the first 24 months of operation. In 2019, the Company partnered with [Securitize](#), a token issuance and lifecycle management platform, to complete its digital security issuance and private placement offering to U.S.

accredited investors and non-U.S. investors with exemptions under Regulation D and Regulation S of the Securities Exchange Act. The Company raised their financing round almost entirely from its own client base. Upon the passing of the 12-month lock-up period for CEO token holders and upon the receipt of an opinion letter, Securitize (as the acting Transfer Agent to Curzio) removed the restrictions on the stock legend of the CEO Tokens under Rule 144 of the Securities Exchange Act to allow for trading globally to public investors on MERJ Exchange.

Regulatory Explanation

As a private company, Curzio Research leveraged private exemptions to raise capital here in the United States. Under Regulation D, 506(c), the company was able to publicly advertise its private offering and accept US accredited investors. Accredited investors are individuals that qualify under a financial threshold of having at least \$1,000,000 in net worth or are earning at least \$200,000 per year. In order to also accept investors outside of the United States, the company also had to use the Regulation S exemption to do so. Both exemptions were filed in tandem and both exemptions have lock-up period rules that restrict the transfer of ownership for the securities for one year. In order for the tokenized securities to trade on a secondary market to non-accredited *retail* investors in the United States, the company also needed to use the Rule 144 exemption to become accessible to non-accredited U.S. investors. Part of this involved having the restrictive legend removed from the security by their transfer agent, Securitize. Curzio Research engaged [Digital Securities Law Group](#) in order to get proper and qualified legal counsel to oversee the process as well as work with their very own general counsel who has a securities law background.

Listing Overview

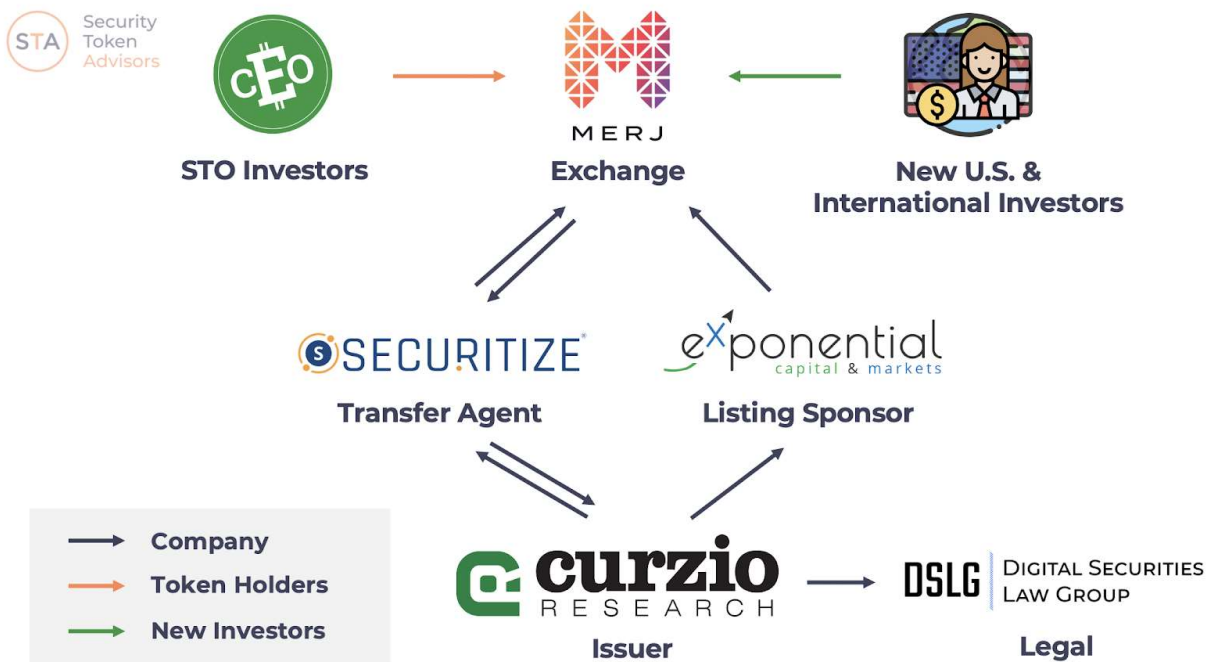
In order for private securities to trade on a secondary market that provides order matching and clearing and settlement services, the secondary market must be registered with its country's securities regulator. In the United States, only a handful of registered secondary markets are in operation that support security tokens. These secondary markets consist of broker-dealers such as Alternative Trading Systems (ATS) in the United States or Multilateral Trading Facilities (MTF) in the U.K. and Europe.

Alternatively a security can also be listed on a public exchange like NASDAQ or London Stock Exchange, but the infrastructure and approvals are not yet in place for these markets to support security tokens. Nevertheless, the cost of listing on a major market would also be prohibitive for smaller issuers like Curzio Research.

MERJ Exchange started life in 2011 as part of an IMF backed programme to establish a national securities market in the Seychelles. Since then MERJ has developed into one of the most dynamic exchange operators globally, with a market growing faster than any other member or affiliate of the World Federation of Exchanges. A focus on the select use of technology to streamline processes and reduce costs has helped attract \$1.7bn of market listings, attracting issuers and investors from all over the world. An IOSCO regulatory model and robust listing framework ensures the highest international standards are in place. Importantly, MERJ has the unique ability to support digital

securities from end to end. This presented a welcome solution for Curzio Research to list the CEO tokens on a regulated market, and continue to support the digital experience created by Securitize.

In order to meet the MERJ Exchange listing requirements, Curzio Research appointed Exponential Capital, a North American financial services firm that is also an approved sponsor adviser to MERJ Exchange. Exponential worked with Curzio to ensure that every part of the listing was in line with the exchange’s rules. By going through this process the CEO token has transitioned to a listed security, and consequently widened access to a far broader global audience of institutional and individual investors.



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Historical Significance

By listing on MERJ, the CEO tokens became the first tokenized private securities in the world to trade live on a public exchange that retail US investors can also participate in. Up until this moment, it was considered a far cry to remain a private company and still be available for the average Joe and Sally to participate in, an opportunity that was exclusive only to accredited investors. Furthermore, Curzio Research is able to open up access to ownership in its high-growth financial newsletter company to multiple countries around the world thanks to the support and capabilities of MERJ Exchange. And to top it all off, the company was able to do it for considerably less in cost (despite pioneering the process which comes with its own challenges and expenses) compared to having pursued an IPO or public listing in the United States. All of this would not have been possible without security tokens acting as the infrastructure to enable the company to first raise \$4,000,000 digitally from investors all around the world and to now list on a foreign exchange. Not to mention, the company did a digital cash

dividend using the security token technology last month, another benefit that would not be possible without the use of the blockchain.

Quantifying the Value

Curzio Research has proven to be a model success story and poster child for issuers to learn from and to follow themselves. STA will soon be releasing a case study report with Curzio Research to illustrate in detail the process, regulation, costs, technology, and partners involved in the security token listing process in order to quantify the value in comparison to a traditional public market listing.

Looking for help with the tokenization of your assets or securities? Learn more about how we can help at [SecurityTokenAdvisors.com](https://www.SecurityTokenAdvisors.com)