

Five SEC-Compliant Reg A+ STOs Worth Watching

[Robert Knight](#) Jun 21



Security or utility token? It's one of the big questions to dominate the ICO market in 2018, especially for any company based in the US. In a recent interview with [CNBC](#), SEC Chairman Jay Clayton was utterly emphatic on the subject: "If it's a security we are regulating it," he explained, "A token, a digital asset, where I give you my money and you go off and make a venture, and in return for giving you my money [you] say 'you can get a return' — that is a security."

Under that broad definition almost all ICOs conducted in the US fall under the securities umbrella. With the SEC clearly setting out its position, companies are confronted with the fact that the only safe path is within the

regulatory framework. That established, now is a good time to look at some of the companies already attempting to play within the rules and conduct an SEC-compliant STO. Specifically we'll look at those firms which are filing or intend to file under Reg A+ which means that non-accredited investors can participate.

Gab

The free speech frog is probably one of the highest profile companies to announce a compliant token offering. [Gab](#) hope to raise \$10 million with CEO Andrew Torba clear on their plans. On Gab's Startengine page he states: "Our goal is to offer one of the first fully compliant Regulation A+ STO's with American funding laws."

The Gab social network must still plow a difficult furrow, blocked from both Google and Apple stores, but Torba remains defiant of what he views as clear censorship from the internet giants. "Our pursuit is noble, and in the tradition of American Free speech standards."

It remains to be seen what impact a mere \$10 million will have on their attempts to take on Twitter, Facebook and other more established social networks, but free speech advocates will be certainly be interested in how this story progresses.

Knowbella Tech

[Knowbella Tech](#) is a Cincinnati-based company leveraging blockchain technology to create a platform for open science and scientific collaboration. Their mission is to connect global researchers to the \$4 trillion of idle intellectual property and knowledge languishing in institutions, universities and companies across the globe. The company aims to raise a cool \$50 million through their STO which, for the moment, is the current funding cap for Reg A+ compliance.

As described by CEO Mark Pohlkamp, completing the regulatory groundwork for an STO is “longer, more expensive, time-consuming and painful,” than an ICO, but the return in investor confidence and safety more than makes the effort worthwhile. With Knowbella Tech one of the first companies to file under Reg A+ rather than Reg D, crypto investors will watch this space with interest to see how this trailblazer fares through the SEC process.

RideCoin

RideCoin is a blockchain alternative to Uber and Lyft and market themselves as the next step in the disruption of the taxi marketplace. [RideCoin](#) promise to cut out the middleman, allowing drivers to work for themselves and passengers to pay less. It’s essentially a taxi bounty system where those in a rush offer more money for faster service, and those in not so much of a hurry can offer less.

RideCoin is one of a growing number of STOs hosted on the Startengine platform. They plan to issue two tokens, one a security and the other a utility, with the security token being SEC compliant. As RideCoin CEO Jimmy Gorham states, “Raising funds to launch a project via ICO is an investment contract, and ought to be monitored by the government. I believe in this authority, and agree with the classification.”

dexFreight

[dexFreight](#) are a business to business marketplace for domestic and international shippers, freight forwarders, and carriers. The worldwide logistic industry in which they will compete is an absolute behemoth, and there have already been a number of ICOs to attempt to tackle it. Where dexFreight differ to their competition is in the fact that they are the first logistics firm to pursue Reg A+ compliance.

As a transport company dexFreight understands the importance of reaching

their destination in timely fashion. In the words of CEO Rajat Rajbhandari, “dexFreight looks forward to completing one of the earliest STOs under Reg A+ and being a model for other companies to follow.”

By 2023 the worldwide logistics industry is estimated to be worth \$15 trillion, so the open-source dexFreight platform could be a highly profitable proposition, especially if it can be the first to arrive.

Mandala

Mandala is a digital asset exchange based in the Cayman Islands which plans to use two different arrangements: Reg A+ and Reg S. The first will be Reg S which is a “safe harbor” exemption, only available to firms outside America. In tandem with Reg S fundraising, the company also seeks to file under Reg A+ allowing it to seek investment from America. Mandala will therefore prove to be an interesting test case for Reg A+ since the company is in another jurisdiction and because their token offering will already be well underway by the time the SEC considers their Reg A+ filing.

With securitized tokens still in their infancy, the fate of these test cases will likely dictate what happens to future STOs and have repercussions that will be felt throughout the crypto space. For that reason these five pioneers are certain to capture the attention of crypto investors, like-minded companies and anyone else involved in blockchain. Right now we are at the dawn of a new era in SEC compliance. What the day will hold remains to be seen.

About the Author: Robert D. Knight is a copywriter and content marketer specialising in blockchain, cryptocurrency and ICO/STOs.