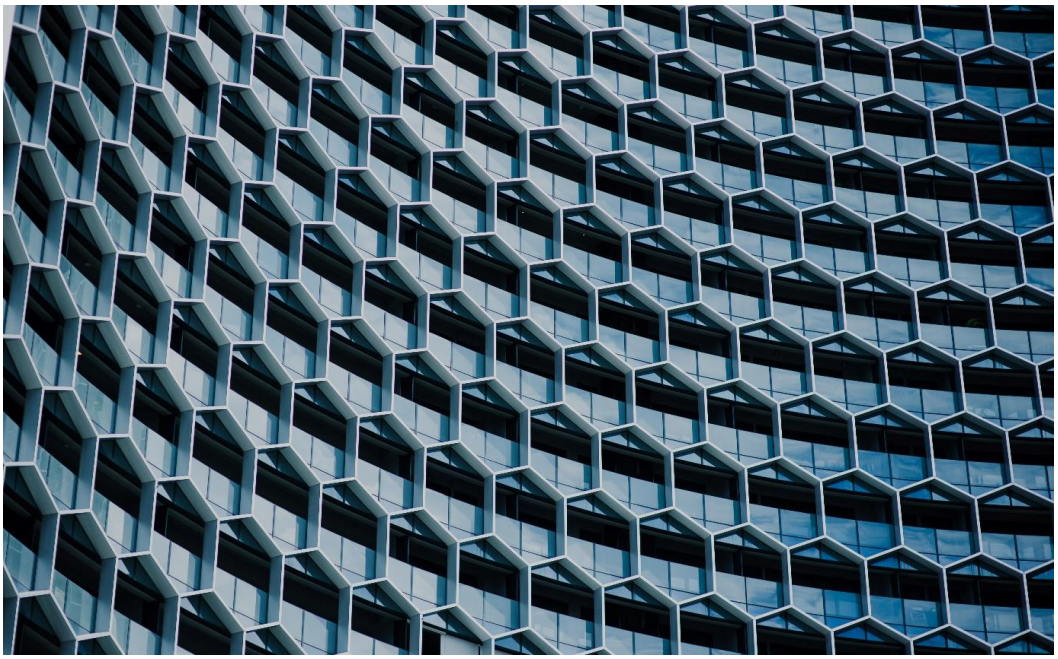
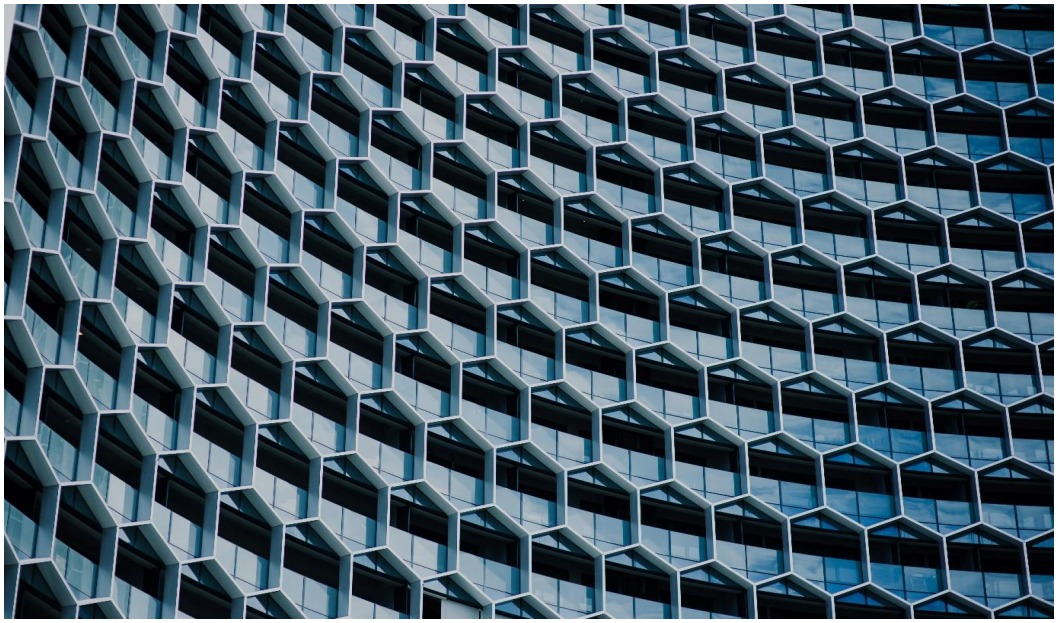


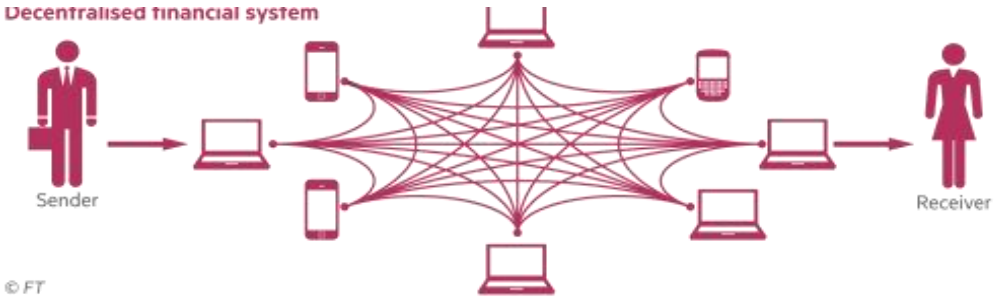
TOKENIZATION



To understand tokenization, you need to start from Decentralized Finance

Decentralized Finance (defi) is an alternative financial system to the traditional one that, on the contrary, is centralized. In Decentralized Finance there are banking, lending, trading, etc. like the traditional financial system, but there are not central authorities and intermediaries involved and influencing these activities.

The most significant aspect of Decentralized Finance is the absence of intermediaries.



Limitations and flaws of centralized finance

In principle, central banks, financial intermediaries and supervisors constitute a stable infrastructure and play a risk-reducing role. However, their presence affects the financial system and, therefore, the economy not always with positive results.

Limited access

centralised financial systems exclude those who do not have capital requirements, but also because of geographical constraints or other conditions not met contributing to financial inequality.

Discretion

traditional financial intermediaries act on a discretionary basis. For example, banks decide for themselves to whom to lend, to what extent and at what rate. They normally increase the volume of loans when the borrowing rates are high or, better, when the difference between the borrowing rates they receive is far higher than the borrowing rates they have to pay in order to maximize profits.

Fees

traditional financial institutions often charge fees at such a level that they reduce the overall efficiency of financial transactions in particular for smaller investors or with limited resources.

Risks

central financial systems rely on intermediaries such as banks, brokers and clearing houses. This dependence determines counterparty risk, potential conflicts of interest and risks of bankruptcy that may disrupt the financial system. Banks, insurance companies, investment funds, companies and households are all connected. The failure of a financial intermediary involves many other actors, thus entailing the risk of wider financial crises.

Time

settlement of financial transactions in centralised systems can be slow especially for cross-border transactions. Delays may increase counterparty risk and affect the liquidity of investments.

Information asymmetry

while financial intermediaries have access to a lot of customer information, the opposite is not the case, with the consequence that, generally, users are not given to fully understand, for example, the structure of a financial product or the internal functioning of financial transactions. Lack of transparency can contribute to mistrust and hinder regulatory supervision.

Limitations and flaws of centralized finance (cont'd)

Risks of fraud and manipulation	centralised systems are subject to fraud and manipulation, both internal and external. Attackers can exploit vulnerabilities in the centralized infrastructure for fraudulent activities by impacting the integrity of financial markets.
Geopolitical risks	policy and regulatory changes in a specific jurisdiction can have a significant impact on centralized financial systems, generating uncertainty about the stability of financial markets themselves.
Slower innovation	centralised financial systems are slowed in innovation by the need for authorisations. Even the entry of new subjects is slowed by such need. This hinders progress and limits the introduction of more efficient and inclusive financial solutions.
Privacy risks	centralized financial institutions collect and store large amounts of sensitive personal and financial data, posing privacy concerns especially in the face of data breaches or unauthorized access.

Advantages of Decentralized Finance	**Decentralized Finance has**, on the contrary, numerous **advantages**.
Decentralization	Decentralized Finance operates on blockchain technology which is decentralized and not controlled by any central authority such as central or local banks and governments. The advantage of a system without intermediaries is to make financial transactions more direct and potentially more efficient.
Accessibility	Decentralized Finance is accessible to anyone with an Internet connection and a digital wallet. This is particularly useful in countries with limited access to traditional banking services. It therefore promotes financial inclusion.
Transparency	in Decentralized Finance, transactions take place on blockchain networks. They are therefore transparent and public and therefore not changeable. Such conditions increase confidence in financial systems because they reduce the risk of fraud or manipulation.
Liquidity	Decentralized Finance platforms provide more liquidity and flexibility than traditional financial institutions as users can easily trade, lend, lend, and invest with returns.
Financial globalization	Decentralized Finance is not limited by geographical boundaries allowing users to easily transact and invest across borders.
Programmability	transactions in Decentralized Finance are regulated by "smart contracts", software that "runs" on blockchain networks. They allow the creation of programmable financial instruments by automating processes, eliminating the need for intermediaries and eliminating litigation.
Reduction in counterparty risk	smart contracts and blockchain technology reduce counterparty risk because transactions are automated and executed only when specific conditions are met.
Reduction in pandemic risk	banks, insurance companies, investment funds, companies and households are all linked. The failure of a financial intermediary involves many others. This risk, in Decentralized Finance, is minimized.

Advantages of Decentralized Finance (cont'd)

Risk of data theft or manipulation minimized	in blockchain networks the data is distributed over a huge number of nodes and are encrypted making them, to date, in fact not editable.
Cost reduction	Decentralized Finance platforms often charge lower fees than traditional financial institutions. This can be achieved, for example, thanks to the lack of intermediaries.

What is the tokenization

Tokenization is the conversion of real property or rights into digital tokens ("tokens") on a blockchain network. These tokens represent ownership or participation in the underlying assets or real rights and can be exchanged on platforms also based on blockchain. Tokenization of assets brings several benefits, including increased liquidity, fractional ownership and reduced barriers to entry for investors.

Tokenization may apply to goods, services and rights

such as real estate, art, raw materials or even intellectual property. Tokenization is a system consistent with the principles of decentralization by simplifying the process of ownership transfer and investment management.

Tokenization provides liquidity to the market

1) people can invest in various sectors with smaller amounts of capital by providing more liquidity, for example, to the traditionally illiquid real estate market.

2) tokens can be quoted and exchanged on Decentralized Finance platforms. Assuming market value, tokens can, in turn, become collateral for additional funding.

3) Key elements of decentralized finance are the "liquidity pool". They are automatic "market makers" that allow users to buy and sell tokens without any intermediary 24 hours a week. The price of the token depends on the proportion of tokens and fiat or cryptocurrency deposited in the pool. The price is determined exclusively and automatically by the relationship between supply and demand. Short sales are in no way achievable.

Decentralized Finance is a reality

Total funds invested in the DeFi at 31.1.2024

98.520.000.000 USD

To which is added the market capitalisation of the stablecoins:

135.289.000.000 USD

Source: https://defillama.com/

What we do

TECHNOLOGICAL DEVELOPMENT

- ✓ Development and production of systems related to the latest generation of digital innovations and their applications based on blockchain technology. We apply an innovative approach that reconciles the practices of the current e-commerce with the benefits of decentralisation and compliance with international financial regulations.

TOKENOMICS

- ✓ Calculation of the number and value of tokens to be issued with particular regard to the number of decimals; calculation of softcap and hardcap

REGULATORY ADVICE

- ✓ Study of the Italian and EU regulatory aspects with regard to privacy/data governance, KYC, AML and any obligations relating to public offerings
- ✓ Preparation and deposit of any Italian and/or EU prospectus or of the Mica White Paper
- ✓ Management of relations with the Italian supervisory authorities (Bank of Italy, CONSOB, Borsa Italiana, ESMA etc.) and tax authorities (Agenzia Entrate) on the filing of the prospectus or the White Paper
- ✓ Study of regulatory aspects related to electronic payment instruments (electronic money, prepaid cards and gift cards). Management of relations with the Bank of Italy's Retail Payment Instruments and Services Division.
- ✓ Coordination with professionals in other jurisdictions for cross-border operations

DATA PROTECTION & DATA GOVERNANCE

- ✓ Legal, technical and organisational specialist support in the field of personal data processing, new technology law and corporate data governance
- ✓ Advice and assistance in defining a framework for the implementation of legislation in line with previous actions, carried out to adapt to other regulations or for certification and accreditation, and in the development of specific projects
- ✓ DPO (Data Protection Officer) Services

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