



Recommendation Letter - *Supplementary Clarification No. 6: STO+ and the Future Economies of Tokenized Security*

Refer to:

1. *Request Letter No. 250301 - 250305 (Proposal to the US Security and Exchange Commission (SEC) : Introduction of the "STO+ Token" Classification), Date 03/05/2025*
2. *Recommendation Letter Supplementary Clarification No. 1 - on STO+ Token's Platform-based Transfer and Payment Mechanism, 03/23/2025.*
3. *Recommendation Letter Supplementary Clarification No. 2 - Recommendation for Exemption from Locking Period for Social-Mined Tokens (ST+) under STO+ Classification, 03/27/2025.*
4. *The Future is Here, Now!, 04/08/2025*
5. *Recommendation Letter - Supplementary Clarification No. 5: Comparative Analysis and Final Recommendation on Dual-Nature vs Conversional Dual-Token Models under STO+ Framework, 04/16/2025*

Submitter:

Name: Kecheng Lai

Company: Knowpia Inc.

Address: 3201 Skyway Court, Fremont CA 94539

Telephone: +1-5105078000

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Securities and Exchange Commission (SEC)

Crypto Task Force

100 F Street NE

Washington, DC 20549

Dear Commissioner Peirce,

The purpose of this letter is to provide a consolidated clarification and forward-looking framework on how **STO+** — an evolution of the traditional Security Token Offering (STO) model — can serve not only as a regulatory-compliant capital formation tool, but also as the foundation for value-generating, utility-enabled digital ecosystems.

Full Terms and Basic Definitions:

Concept	Full Term	Definition
STO	Security Token Offering	A financing method involving the issuance of security tokens to investors, subject to securities laws such as Reg D, Reg S, or Reg A+.
STO+	STO-Plus Model	A model that builds upon the compliant issuance of security tokens by integrating functional utilities, application scenarios, or community governance features into the token—essentially combining “securities” with “utility” in a dual-role token.



Key Differences:

Comparison	STO	STO+
Objective	Primarily for fundraising	Fundraising + platform functionality + user incentives + community governance
Token Nature	Pure security attributes (e.g., equity, profit rights)	Security attributes + functional properties (e.g., payment, participation, voting)
Usage	Investors buy and hold for appreciation or dividends	Users can use tokens for rewards, consumption, voting, task participation, etc.
Typical Use Cases	Real estate projects, equity fundraising, tokenized funds	Web3 platforms such as SocialFi, GameFi, CreatorFi, EduFi
Regulatory Requirements	Requires registration and compliant issuance under securities laws	Compliant STO Regulatory Requirements, plus disclosure of token utility and platform tokenomics

Illustrative Examples:

1. Traditional STO Project:

A real estate fund raises \$10 million by issuing an STO on tZERO. Investors receive rental income dividends, but the token has no additional utility — a classic example of a pure financial security token.



2. STO+ Project (Future Enhanced Model):

A SocialFi platform issues Tokens via a Reg D-compliant STO. In addition to being an investment vehicle, the token can also:

- Be used on the platform for rewards or ad payments (Utility)
- Allow holders to vote on governance proposals (Governance)
- Be earned by users through posting, liking, or contributing content (Incentive Mining)

This is a textbook STO+ model.

Why the Concept of “STO+” Is Necessary:

Traditional STOs simply bring stocks or bonds onto the blockchain, lacking the openness and participatory nature of Web3. Users have no meaningful way to engage with or benefit from the platform beyond financial returns.

STO+ bridges regulatory compliance with innovation. It is especially suitable for:

- Web3 platforms (e.g., Funs.AI, Lens, Friend.tech)
- Community-driven projects (DAOs, content platforms)
- Real-world industries with utility-based tokenization (e.g., real estate, education, energy)



Future Industries Best Suited for the STO+ Model (Beyond SocialFi)

The STO+ framework is highly applicable to a wide range of industries beyond SocialFi, particularly those involving user contribution, data generation, and decentralized governance. Below is a curated list of sectors where STO+ delivers both functional and investment value:

Industry	Rationale for STO+ Suitability
Gaming (GameFi)	Players can earn STO+ tokens by contributing time, behavior, or in-game assets. These tokens may also carry voting rights or represent ownership stakes, enabling both participatory and investment-driven engagement.
Education Platforms (EduFi)	Educators and learners are rewarded with tokens for meaningful actions such as publishing courses or completing assignments. Tokens can also be used to pay for courses or staked as collateral in skill-based credentialing ecosystems.
Content Creation Platforms (CreatorFi)	Content creators earn STO+ tokens as rewards for their contributions. Fans can invest in creators by acquiring tokens that confer revenue rights or dividend participation, enabling the formation of Creator DAOs.
Healthcare & Medical Data Platforms	The platform can raise capital through STO+, users may upload personal health data in exchange for token rewards. Research institutions utilize the token ecosystem to access anonymized data, while maintaining strong privacy protocols.
Green Energy & Carbon Credits	Individuals are incentivized with tokens for energy-efficient behaviors or green energy usage. Enterprises can raise funds



	for green infrastructure projects through STO+ and distribute profits or credits to token holders.
Real Estate & Tokenized REITs	Real estate projects may be financed via STO+, with tokens usable for rent offsets, temporary usage rights, or participation in dividend distributions, combining investment and utility within real-world assets.
E-Commerce Platforms (CommerceFi)	Consumers receive STO+ tokens as rewards for purchases, reviews, and platform participation. Merchants may use tokens for listing privileges, advertising, or profit-sharing, fostering a decentralized commerce ecosystem.
Film & Entertainment	Fans or investors can support film and television projects through STO+ tokens, which may later entitle holders to revenue shares from streaming income or access to redeemable perks and merchandise.
Web3 AI Platforms	Users who contribute training data, validate AI outputs, or refine models are compensated with tokens. The platform may use STO+ to raise funds while granting token-based access rights and ownership participation in AI products.
Sports Clubs / IP Franchises	Fans holding tokens can vote on club matters or participate in governance. Clubs may issue STO+ for equity or operational financing. Tokens can be redeemed for event tickets, branded merchandise, or community benefits.
Supply Chain & Product Traceability	Supply chain actors (e.g., logistics providers, testers, retailers) are rewarded with tokens for verifiable contributions. Consumers holding tokens gain access to transparent tracking data and may participate in profit-sharing arrangements.



Professional Service Finance (PSFi)	Professional suppliers, brokers, and clients can engage in pseudonymous service contracting using security tokens. STO+ enables compliance-based funding for platforms and professionals, while tokens can be used for platform fees, service access, escrowed payments, and performance staking. DID ensures verifiable reputation without sacrificing privacy, making STO+ ideal for decentralized talent markets and service economies.
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Summary Highlights:

Key Point	Description
Concept Distinction	STO is a "security on-chain"; STO+ is a "compliant security token with platform utility"
Core Keywords	STO: fundraising, securities, compliance; STO+: utility, governance, incentives, growth
Practical Value	STO ensures legal compliance, while STO+ creates a flywheel for platform growth (Usage → Incentives → Governance → Value Accrual)