

Swarm is Tokenizing Coinbase, Ripple Shares- Whether They Like it or Not Bus./Industry

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Investors may leap at the chance to invest in these [fintech unicorns](#), but the companies themselves — unsurprisingly — are not exactly jumping for joy at having their equity tokenized and traded on a secondary market.

By Josiah Wilmoth for CCN, June 13, 2018 Cryptocurrency startup Swarm has announced a new security token product that will allow accredited investors to purchase and trade equity in privately-owned tech companies like Coinbase, Robinhood, Ripple, and Didi. **Swarm Wants to Tokenize the Equity of Private Companies** The product, announced by Swarm on Wednesday, allows investors to pool their assets to obtain private equity in some of the hottest names in fintech and blockchain development, even though none of them have held an initial public offering (IPO) to list their shares on a securities exchange. “Our goal is to democratize investing, and introducing tokens that represent equity is a major step forward in this mission,” said Philipp Pieper, CEO and co-Founder of Swarm. “Now, any Swarm investor can hold equity in some of today’s most prominent tech startups.” Notably, this equity is obtained through secondary channels — not from the companies themselves. Swarm told CCN that equity in these companies has been sourced, with the help of brokers, from “approved secondary market transactions to acquire vested employee shares, or from venture capitalists who have directly acquired equity from these companies.” Through this process, the firm said that it expects to tokenize about \$15 to \$25 million worth of equity per company on an annual basis, providing investors — accredited ones, anyway — with the ability to obtain deeper exposure to the cryptocurrency industry without having to fork over VC-level money. As Swarm co-founder and CIO Timo Lehes explained: “By offering a Ripple token equity in Ripple the company, Swarm Fund offers an answer to what some say is a limitation of Ripple’s XRP token as an investment. XRP is a top cryptocurrency, behind only Bitcoin and Ethereum in market cap, but it does not represent equity in Ripple or reflect the value of Ripple payment protocol. Investors looking for a more holistic piece of Ripple’s value may look to the Ripple Equity Token as a solution.” But though issued as a part of Swarm’s mission to “democratize investing,” the fund won’t be available to the average buyer. The product is built on Swarm’s SRC-20 token protocol, and only accredited investors who pass KYC/AML verification will be allowed to purchase tokens, though the firm said that it hopes its products will be available to retail investors in the future. […] <https://www.ccn.com/crypto-startup-swa-ther-they-like-it-or-not/>