SWARM NETWORK POLICY FOR ISSUANCE STAKING

As further described here: https://www.swarm.fund/launch-a-token

THE PROCESS

1 Define

Describe your fundraising rules, restrictions, and compliance requirements. Bind your asset. Choose your issuance platform. Set your fundraising goals.

2 Fundraise

Invite MAP qualified investors to participate in your project based on your prescribed rules. Allow them to share in and realize value of your digitized asset.

3 Stake

Once your fundraising objective has been reached, supply your SWM tokens for staking in order to deploy and mint your security tokens.

4 Release

After your stake is set, tokens may be distributed to your investors and funds raised released to you. You can reclaim your stake if you choose to liquidate the opportunity.

HOW DOES STAKING WORK?

SWARM does not charge fees to issue tokens - or to initiate or run a token sale.

To support the ongoing operations and growth of the SWARM network, token issuers are required to stake an amount of SWM token to trigger the minting and distribution of SRC20 tokens to investors.

The staking requirement applies to all uses of the infrastructure - independent of whether a fundraising event has taken place - including pure tokenization use cases (for example, tokenizing an existing investor cap table).

Staked tokens are 'locked' for the life of the opportunity, remain in the custody of the token issuer, and are unlocked whenever outstanding SRC20 tokens are redeemed and burned - up to the full staked amount.

TOKENIZED ASSET VALUE (USD)*	up to $500,000	$1M	$5M	$15M	$50M	$100M	$150M	$250M+
STAKE** (%)	—	0.50%	0.45%	0.40%	0.25%	0.20%	0.15%	0.10%
STAKE (USD / SWM at $0.25)	$2,500*** 10,000 SWM	$5,000 20,000 SWM	$22,500 90,000 SWM	$60,000 240,000 SWM	$125,000 500,000 SWM	$200,000 800,000 SWM	$225,000 900,000 SWM	$250,000 1,000,000 SWM

Notes:

* Staking is required for all tokenization, including asset-backed and non-asset backed, and for projects who are tokenizing an existing portfolio or cap table.

** Staking is only required when issuing tokens. That is, after meeting a funding goal or when tokenizing an existing asset.

*** A minimum stake of $2,500 applies for Tokenized Asset Value up to $500,000.