Migrating Debt onto the Internet

OSQO Securities

Use Cases, Pain Points & Solutions

Debt is the world's largest asset class and the final product for migration onto the Internet. Real World Debt is typically difficult to originate and cumbersome to securitize. OSQO's Distributed Finance Token Architecture bridges Traditional Finance and Decentralized Finance to enable this migration.

The Internet of Debt

OSQO's mission is to migrate debt onto the Internet, creating a new store of value, **OSQO Securities**, to support a **Distributed Finance** (Di-Fi) economy. To realize this, OSQO is building an "Operating System for the **Internet of Debt**" using token protocols developed on the Solana blockchain, designed to restore trust in Identity, Money and Currency for our economy.

The OSQO proposition is built on the opportunity presented by the global debt market, which has a total value of over $315 Trillion, and Tokenization, as identified by reports from McKinsey and J.P. Morgan & Bain & Company, could unlock a potential $400 billion in additional annual revenue for the financial industry, particularly by making alternative investments more accessible to individuals.

OSQO Exchange

This is the market for **OSQO Securities**, providing price discovery, tradability, and custody for tokenized debt on the Solana blockchain. The Exchange supports same-day settlement and provides a permissioned, compliant trading environment. It uses an Automated Market Making (AMM) protocol to ensure efficient liquidity and currency exchange.

OSQO Exchange's investment thesis is based on the premise that as real-world assets are tokenized, a robust, liquid, and distributed market will become essential. It aims to capture a share of the $185 billion per year serviceable obtainable market for trading revenue.

OSQO Web Services

OWS functions as a Business-to-Business (B2B) platform for originating, managing, and trading tokenized debt, **OSQO Securities**. It provides a compliance-first, third-party platform that integrates Hyperledger and Solana to ensure jurisdictional compliance and scalability throughout the debt lifecycle. OWS's value is derived from asset migration, the creation of a "minimum viable value chain," and the digital twinning of legacy financial instruments.

Its composable architecture allows for the integration of fractionalization, securitization, and tokenization of debt at origination, which reduces the time-to-market and cost-to-serve for third-party debt product developers and issuers. OWS targets a serviceable obtainable market of $155 billion per year in debt issuance and management revenue.

OSQO Foundation

OSQO Foundation ensures the integrity and coherence of the entire ecosystem. It provides the core security and trust layer by moderating credit quantity and managing value over time, which benefits all participants (issuers, acquirers, and ecosystem builders). The OSQ token serves as a new form of money (Unit of Account + OQN Store of Value), with the OQD as a currency (Medium of Exchange + Unit of Account), integrated with QID as the identity protocol for a Distributed Finance economy.

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Use Cases, Pain Points & Solutions

Institutional Debt Syndication

Use Cases

A syndicated loan is a loan made by a group of lenders, or a syndicate, to a single borrower. This arrangement is used for large-scale financing needs that are too substantial for one lender to handle alone. The primary use case is to distribute risk among multiple financial institutions.

Corporate Acquisitions and Mergers:

Companies use syndicated loans to fund large buyouts or to finance a merger. The immense capital required for such deals makes a syndicated loan a practical way to raise the funds while spreading the risk of default across a group of banks.

Large-Scale Projects:

For major undertakings like constructing a new factory, developing a large commercial property, or expanding operations, a syndicated loan provides the necessary capital. It allows a borrower to access a significant amount of funding quickly and with a single loan agreement.

General Corporate Purposes:

Large corporations often use syndicated loans for general business purposes, such as refinancing existing debt, providing working capital, or financing day-to-day operations.

Pain Points

Manual Processes and Delays:

Complex negotiations and documentation, which lead to delays in deal structuring and execution.

Liquidity Constraints:

Syndicated loans are often illiquid and transferring them is difficult and slow due to required consents.

Scalability Issues:

Difficulty handling high volumes of participants and complex terms in large syndicated deals.

OSQO Solution

OSQO Web Services provides an automated, scalable platform for originating, managing, and servicing these instruments, streamlining manual workflows and reducing delays. The OSQO Exchange offers a liquid secondary market, enabling automated liquidity management and easier transfers of loan participations.

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Use Cases, Pain Points & Solutions

Corporate Bonds & SME Debt Instruments

Use Cases

Corporate bonds are debt securities issued by a company to raise capital. When you buy a corporate bond, you're lending money to the company in exchange for regular interest payments and the return of your principal at maturity. Companies use corporate bonds for a variety of purposes.

Financing Operations and Capital Expenditures:

Companies issue bonds to fund longterm investments, such as building new facilities, buying equipment, or expanding product lines.

Refinancing Debt:

A company may issue new corporate bonds to pay off older, more expensive debt. This can help them lower their interest costs or extend the maturity of their debt obligations.

Share Buybacks and Dividends:

In some cases, companies may use the proceeds from a bond issuance to repurchase their own shares or to pay dividends to shareholders.

Acquisitions:

While syndicated loans are also used for this, corporate bonds provide another avenue for companies to raise the significant capital needed to acquire other businesses.

Pain Points

High Issuance Costs:

Legal, regulatory, and underwriting costs are disproportionately high for small and medium-sized enterprises (SMEs).

Limited Market Access:

SMEs often lack the visibility to attract institutional investors.

Minimum Viable Size:

Small-scale issuances are often not economically feasible.

OSQO Solution

OSQO Web Services' composable and cost-effective architecture reduces issuance and management costs, making smaller-scale issuances economically viable. The OSQO Exchange provides a platform for fractionalized debt, democratizing access to capital markets and enabling SMEs to attract a broader base of investors, including retail capital.

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Use Cases, Pain Points & Solutions

Commodities Finance

Use Cases

Commodities finance, also known as trade finance, involves providing funding for the production, storage, and trade of commodities like oil, gas, metals, and agricultural products. This type of financing is essential for businesses in the commodities supply chain.

Working Capital for Commodity Traders:
Traders need funds to buy commodities and transport them from the producer to the buyer. Financing instruments like letters of credit and trade loans are used to bridge the gap between payment to the supplier and receipt of payment from the buyer.

Project Financing for Commodity Producers:
This helps companies in the extractive and agricultural industries secure capital for projects like opening a new mine, building a processing plant, or expanding a farm.

Inventory and Warehouse Financing:
Businesses can use their commodity inventory as collateral to secure a loan. This is crucial for farmers and traders who need to store their goods after harvest but need immediate cash flow.

Pain Points

Complex Collateral Management:
Volatility of commodities makes real-time valuation and tracking of underlying assets difficult.

Risk Management:
Geopolitical and price volatility risks are challenging to manage dynamically.

Operational Inefficiencies:
Manual verification of commodity quality and ownership is slow and prone to error.

OSQO Solution

The OSQO platform, with its “digital twinning” capability, enables real-time valuation and tracking of commodity-linked collateral. This improves risk management by providing a transparent and dynamic view of asset value. The automated processes within OWS reduce operational inefficiencies and broaden access to financing for a wider range of market participants.

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Use Cases, Pain Points & Solutions

Infrastructure & Project Finance

Use Cases

Infrastructure and project finance is a long-term financing model for large-scale, capitalintensive projects. The financing is repaid from the cash flows generated by the project itself, not the balance sheet of the project's sponsors.

Public Infrastructure Projects:
This is used for building public goods and services such as roads, bridges, airports, railways, and utilities (power plants, water treatment facilities).

Renewable Energy Projects:
Projects like wind farms and solar power plants often use project finance due to their high upfront costs and long-term revenue streams from selling electricity.

Natural Resource Development:
This model is applied to developing new oil fields, gas pipelines, or mining operations. The financing is secured by the future revenue from the extraction and sale of the natural resources.

Public-Private Partnerships (PPPs):
In a PPP, a private entity is contracted to develop and operate a public asset. Project finance is the key mechanism used to fund the private entity's portion of the project.

Pain Points

High Capital Requirements:
Projects demand massive upfront funding that strains individual lenders.

Long-Term Commitments:
Multi-year projects require the capacity to handle long-term financial commitments.

Liquidity and Exit Options:
Infrastructure debt is illiquid, making it difficult for investors to exit their positions before maturity.

OSQO Solution

The OSQO platform's fractionalization capabilities allow for a wider distribution of risk, making it easier to meet high capital requirements by enabling a larger pool of diverse investors to participate. The OSQO Exchange provides much-needed secondary market liquidity, giving investors exit options and making long-term commitments more attractive.

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Use Cases, Pain Points & Solutions

Asset-Backed Securities (ABS)

Use Cases

An asset-backed security (ABS) is a debt instrument collateralized by a pool of illiquid, incomeproducing assets.
A process called securitization turns these assets into marketable securities.

Liquidity for Lenders:
By selling a pool of loans to an ABS issuer, a bank or other lender can remove the loans from its balance sheet. This frees up capital that can then be used to originate new loans, creating a continuous cycle of lending and funding.

Diversified Investment Opportunities:
ABS provide investors with access to a diverse range of assets they might not be able to invest in individually, such as auto loans, credit card receivables, and student loans.

Risk Transfer:
Lenders use securitization to transfer the credit risk of the underlying loans to investors.

Lower Borrowing Costs:
Because ABS are often structured to have a better credit rating than the original lender, the issuer can attract a wider range of investors and may be able to borrow at a lower cost.

Pain Points

Lack of Transparency:
ABS markets often have opaque asset quality and performance data, which reduces investor confidence.

Complex Valuation:
Dynamically valuing underlying asset pools is computationally intensive and error-prone.

Compliance Burden:
Issuers face strict regulatory requirements that are costly and time-consuming to manage.

OSQO Solution

OSQO Web Services' compliance-first design and its coherent architecture ensure automated transparency and real-time tracking of assets, building investor trust. The platform's scalable systems are built to handle the high-volume data and transactions associated with ABS, while its standardized protocols reduce the regulatory and compliance burden. The OSQO Exchange improves liquidity, which improves pricing and investor participation.