In-Class Exercise: Tokenization Business Models

Exercise 1: Structured Debate — "Is Tokeny a Software Vendor or an Infrastructure Operator?"

Format: Split into two teams. Each team prepares its position, then presents. After both sides speak, the class votes — but first read the debrief questions. Use Tokeny as the reference case, because its T-REX / ERC-3643 compliance engine is licensed to issuers as software, yet it functions like shared infrastructure for the regulated-securities segment of the tokenised-asset market.

Team A — "Tokeny Is a Software Vendor"

Anchoring evidence: Tokeny sells an on-chain compliance engine and token-issuance toolchain to issuers under licence terms. It does not operate a regulated venue; it does not custody assets; it does not take issuer risk. Its revenue mix, release cadence, and customer-relationship model read as a business-to-business software firm.

Team A: Tokeny Is a Software Vendor	
Argument I	
Argument II	
Argument III	
Concession	*Strongest argument AGAINST your position:*
Closing	*How you address the concession:*

Team B — "Tokeny Is an Infrastructure Operator"

Anchoring evidence: Tokeny's ERC-3643 standard is used by many issuers and has been ratified as an industry standard. Once issuers and secondary venues build around it, the ERC-3643 compliance logic becomes shared infrastructure — comparable in function to a regulated transfer agent. The cost of replacing Tokeny for any single issuer is high, and the cost of the market switching collectively is much higher.

Team B: Tokeny Is an Infrastructure Operator	
Argument I	
Argument II	
Argument III	
Concession	*Strongest argument AGAINST your position:*
Closing	*How you address the concession:*

Debrief Questions

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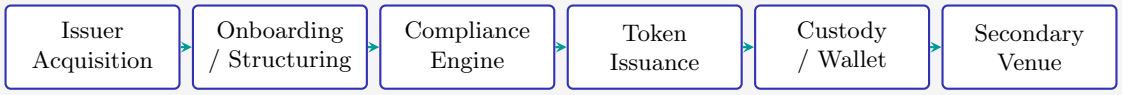
Q1: Does the answer — software vendor or infrastructure operator — matter for how regulators should supervise Tokeny and the platforms that integrate it? Why or why not?

Q2: Could the answer genuinely be "both, at the same time"? If so, what does that imply for the usefulness of the classification?

Q3: Name another financial-services firm that blurs the software-versus-infrastructure boundary similarly. What tension does this create for its investors?

Exercise 2: Value Chain Mapping

Scenario: The RWA wrapping value chain has six links. For each link, identify which of the five tokenisation platforms on the reference slate (Securitize, Polymesh, Tokeny, ADDX, Ondo Finance) most clearly owns the link, and describe what the platform is substituting for the legacy wrapper at that link. Platforms rarely own every link outright — be explicit when the platform is renting a link via a partner custodian, law firm, or venue.



Value Chain Link	Platform Owning It	What It Substitutes for the Legacy Wrapper	Owned or Rented?	Is the Link a Moat or a Margin Cap?
Issuer Acquisition				
Onboarding / Structuring				
Compliance Engine				
Token Issuance				
Custody / Wallet				
Secondary Venue				

Synthesis Questions

Q1: Which value-chain link creates the strongest moat for an RWA platform, and which link most clearly caps its margin? Defend both answers with reference to ownership, data, and regulatory barriers.

Q2: For at least two of the five platforms on the reference slate, identify a link where the platform rents via a partner. What would it take for the platform to convert that rented link into an owned one — and should it?

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Facilitator Solutions

Sample answers for instructor reference. These are illustrative; student reasoning may diverge and still be valid.

Exercise 1: Debate Sample Answers

Team A (Tokeny Is a Software Vendor) — sample arguments

Argument I. Tokeny's commercial form is a software licence paired with professional services. It sells the T-REX toolchain and the ERC-3643 compliance engine to issuers, and it does not take regulated custody, does not operate a venue, and does not intermediate trades. A Business Model Canvas applied to Tokeny reveals a revenue mix dominated by licence and services fees, not by transaction-intermediation margin. That is the canonical shape of a software firm.

Argument II. Tokeny's release cadence and cost structure are those of a software engineering organisation. Its Key Activities centre on protocol engineering, audit management, and customer integration work. Its Key Resources are engineering talent and a product roadmap, not regulatory licences or balance-sheet capital. A pure software vendor is precisely what Tokeny's operational profile describes.

Argument III. Tokeny does not take custody or venue risk, so it cannot be subject to prudential supervision in the way a regulated transfer agent or regulated venue is. The appropriate regulatory posture for a compliance-engine vendor is therefore software assurance, data protection, and audit – the same posture that applies to other business-to-business software firms in regulated industries.

Concession. The strongest argument against Team A is that an ERC-3643 toolchain adopted at scale becomes shared market infrastructure, and shared infrastructure demands a different kind of accountability than ordinary software.

Closing. Classification should follow the risk that the firm actually bears – Tokeny bears product-liability and integration risk, not custodial or venue risk, so supervising it as a software vendor and leaving custodial supervision to the custody partner is the correct allocation of responsibility.

Team B (Tokeny Is an Infrastructure Operator) — sample arguments

Argument I. Once ERC-3643 is adopted as an industry standard and many issuers and venues build against it, the compliance engine stops being "a software product" and starts being shared market plumbing. The function Tokeny performs — translating regulatory eligibility rules into on-chain constraints — is the same function a traditional transfer agent performs off-chain. The economic character of that function does not change when the medium changes.

Argument II. Tokeny's real moat lives in the unbundling-to-rebundling cycle specific to infrastructure: it absorbed the compliance-engine link of the wrapping value chain, and once issuers and venues built their workflows around it, the cost of switching is structural rather than contractual. The Evans-Wurster value-chain deconstruction view treats Tokeny as the operator of a critical link, not as a vendor passing through.

Argument III. Platform-economics cross-side effects sit over Tokeny, even if Tokeny does not host the venue itself. More issuers choosing ERC-3643 makes the standard more valuable to secondary venues, which in turn makes it more valuable to new issuers. That cross-side feedback loop is the signature of infrastructure, not of a pure software vendor.

Concession. The strongest argument against Team B is that Tokeny does not carry the custodial, capital, or settlement-finality obligations that true financial infrastructure operators bear – calling it infrastructure risks over-inflating its economic role.

Closing. The right supervisory posture is functional: regulate what Tokeny actually does — compliance-engine operation for a regulated-securities segment – at the level of assurance appro-

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priate to infrastructure, even if the headline classification remains "software vendor" for tax or corporate-form purposes.

Debrief Q1 — Regulatory supervision

Whether supervisors treat Tokeny as a software vendor or as infrastructure depends on the risks its function creates rather than on the label its commercial contract chooses. If a flaw in Tokeny's compliance engine allowed impermissible transfers, the consequences would propagate through every issuer that integrated the engine, which is the signature of infrastructure risk. On the other hand, the core custodial, venue, and settlement risks sit with partners, so prudential supervision as a regulated operator would be disproportionate. The functional answer is to apply infrastructure-grade assurance (audit, continuity, disclosure) to the compliance-engine function while continuing to treat the firm as a software vendor for the purposes that software supervision already covers.

Debrief Q2 — "Both" as an answer

The answer can genuinely be "both at the same time." Tokeny is a software vendor in its corporate form, revenue model, and operational culture, and simultaneously an infrastructure operator in the function it performs for the regulated-securities segment. This duality is a feature, not a bug: infrastructure that originates as software is cheaper to build, faster to iterate, and easier to standardise than infrastructure that originates as a regulated institution. The supervisory implication is that functional regulation — regulating by what a firm *does* rather than what its charter *is* — fits better than institutional classification for firms whose function sits between software and infrastructure.

Debrief Q3 — Cross-sector blurring example

OpenZeppelin provides a close parallel. It sells an open-source library and audit services to smart-contract developers across DeFi and beyond. Its code is, in aggregate, one of the most heavily depended-upon pieces of shared infrastructure in on-chain finance – yet its corporate form and revenue model are those of a software and services firm. Investors struggle to classify it: is it a software business to be valued on services revenue, or is it systemic infrastructure to be valued on the cost of replacing the code it maintains? The tension is directly analogous to Tokeny's.

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Exercise 2: Value-Chain Mapping Sample Answers

Value Chain Link	Platform Owning It	What It Substitutes for the Legacy Wrapper	Owned or Rented?	Moat or Margin Cap?
Issuer Acquisition	ADDX (direct sales into Asia-Pacific issuer relationships)	Arranger-led issuer acquisition via law firms and investment banks; ADDX reaches issuers directly through a regulated platform	Owned	Moat (regional issuer relationships are sticky)
Onboarding / Structuring	Securitize (regulated digital transfer agent, structuring workflow)	Bespoke legal structuring plus paper-based investor-onboarding; Securitize substitutes a digital workflow tied to its own transfer-agent function	Owned	Moat (regulatory status and workflow ownership combine)
Compliance Engine	Tokeny (ERC-3643 / T-REX)	Contract-by-contract compliance logic written by issuer lawyers; Tokeny substitutes a reusable on-chain standard	Owned	Moat (standard-adoption network effects)
Token Issuance	Polymesh (layer-one chain with identity and settlement at the base layer)	Contracts deployed on a general-purpose chain or a conventional registry; Polymesh substitutes a purpose-built base layer	Owned	Moat (chain-level governance and permanence)
Custody / Wallet	Partner custodians (e.g. regulated qualified custodians)	Traditional securities custody in book-entry form; the platforms rent custody rather than absorbing it	Rented (across every platform on the slate)	Margin Cap (custody fees leak outside the platform's fee stack)
Secondary Venue	Ondo Finance (offshore trading for its tokenised money-market and treasury products)	Feeder-fund secondary liquidity or none at all; Ondo substitutes a continuously-available on-chain secondary rail	Owned	Moat (venue liquidity is self-reinforcing where legacy is absent)

Synthesis Question 1 Sample Answer

The link that creates the strongest moat for an RWA platform is the Compliance Engine. Once issuers and venues build their workflows around a specific compliance standard (Tokeny's ERC-3643 is the clear example), the cost of switching is not just technical; it involves regulatory re-approval, investor-eligibility re-verification, and integration re-work across every counterparty. Standard-adoption network effects compound: the more issuers use the standard, the more venues accept it, and the more valuable the standard becomes to the next issuer. The link most likely to cap margin is Custody / Wallet, which most platforms on the slate rent through a regulated partner. The partner custodian captures a share of the stack that the platform can neither absorb (regulatory cost is high) nor eliminate (investors demand regulated custody). Converting this rented link into an owned one requires a qualified-custody licence, which is capital-intensive and disciplines most platforms to keep custody rented indefinitely.

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Synthesis Question 2 Sample Answer

Securitize and ADDX both rent the custodian link. For Securitize, converting custody from rented to owned would require obtaining qualified-custodian status in the relevant jurisdictions — a multi-year regulatory process carrying capital and governance obligations that a transfer-agent-first business is not organised around. The case for conversion is a larger share of the fee stack and tighter control of the investor experience; the case against is the regulatory overhead and the opportunity cost of management attention. For ADDX, the same calculus applies with an additional cross-border wrinkle: converting custody in a single jurisdiction would partially break the passporting model that underpins the ADDX business. For both platforms, renting custody may be the rational steady state rather than a waystation — each can convert at the level of ambition that matches its strategic identity (transfer-agent substitute versus regional venue operator), rather than treating custody-ownership as a generic upgrade.

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