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# From VC to ICM: How Tokenised Fundraising Can Change Capital Access

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**Rick Maeda** | Research Associate, Presto Research

[rickm@prestolabs.io](mailto:rickm@prestolabs.io)

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## Summary

- Internet Capital Markets (ICMs) are blockchain-native systems that let anyone issue and trade tokenised assets without intermediaries, merging social, financial, and creative capital into a single on-chain ecosystem
  - ICMs aim to democratise capital access by enabling global, 24/7 fundraising and investment beyond accredited investor restrictions, but remain risky due to hype-driven speculation, lack of regulation, and fragile infrastructure
  - With faster blockchains and emerging regulatory frameworks, ICMs are approaching an inflection point where compliant, on-chain markets could redefine capital formation, moving finance from institutional gatekeeping to open, networked systems.
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## 1. Introduction

Capital formation has barely evolved in a century: private funding capital remains concentrated amongst a small circle whilst IPOs are slow and expensive, often leaving retail investors to arrive after the hyperbolic upside has been experienced. Internet Capital Markets (ICMs) challenge that structure by moving the entire process - from capital raising, issuance, trading, and settlement - on-chain. They compress weeks of legal and institutional overhead into minutes, replacing the old guard with code. For the first time, anyone with an internet connection can raise or allocate capital directly, in markets that run both globally and continuously. Welcome to Web3, where capital markets are being rebuilt for the internet age.

## 2. What Are Internet Capital Markets?

### 2.1. A New Layer of Capital Formation

ICMs represent an emerging, blockchain-native framework for raising and allocating capital. Instead of relying on intermediaries such as banks, exchanges, or venture funds, ICMs bring the mechanics of capital markets which traditionally include issuance, pricing, trading, and settlement, directly on-chain.

In practical terms, ICMs are protocols that allow anyone to launch a tokenised asset representing an idea, project, or venture. These tokens are often deployed via automated contracts that manage issuance and liquidity using bonding curves or similar dynamic pricing models. The goal is to

compress what traditional markets do over weeks or months into a frictionless, instantaneous (~few minutes), internet-native experience.

A defining feature of ICMs, at least in its genesis form, is their integration with social media and Web3 platforms. Projects like Launchcoin, for example, enable token creation directly from platforms like Twitter: replying to a post with a command such as “@launchcoin + [token name]” automatically deploys a smart contract, sets up liquidity, and begins price discovery. Each token’s value evolves along a bonding curve that adjusts supply and pricing algorithmically based on demand. This mechanism ensures that early participants pay less, while later buyers face higher entry prices, mirroring early-stage valuation dynamics without institutional gatekeeping.

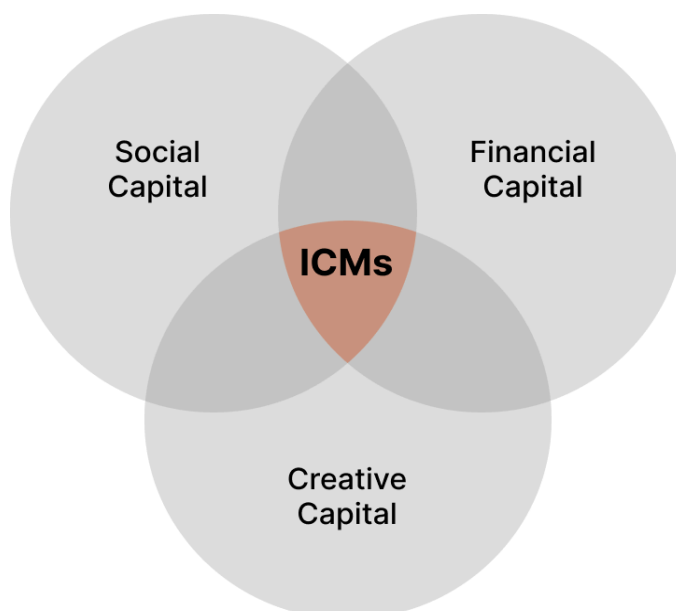
## 2.2. Distinguishing ICMs from ICOs and IDOs

Although ICMs share DNA with past fundraising models like Initial Coin Offerings (ICOs) and Initial DEX Offerings (IDOs), they differ in execution and accessibility. ICOs typically required whitepapers, extensive marketing, and months of technical preparation. ICMs, in contrast, strip this process down to a few clicks or a social post, leaning into speed and spontaneity over structure.

In essence, ICMs aim to merge three layers of the internet economy:

1. **Social capital:** Where attention and engagement are monetised.
2. **Financial capital:** Where liquidity and pricing are continuous.
3. **Creative capital:** Where anyone can launch or back new ventures.

**Figure 1: The innovative ambition of Internet Capital Markets**



Source: Presto Research

### 3. The Promise: Democratising Access

#### 3.1. Context: A Funding Landscape Under Pressure

As the Web3 industry continues to mature and grows beyond the digital gold that sparked a new age, capital markets are stronger than ever. While the market capitalisation of public equity markets continues to grow, private companies are also staying private longer, often raising billions without ever listing and recording growth not seen in public markets. The result is that most of the wealth creation from high-growth firms is captured by insiders and accredited investors, leaving retail locked out until the late stages.

Against this backdrop, a new idea has gained traction in crypto circles: Internet Capital Markets (ICMs). Built natively on blockchains, ICMs allow anyone to issue or trade a tokenised asset with little more than a wallet and an internet connection. Where VC relies on closed networks and public markets require heavy intermediation, ICMs promise instant, global, 24/7 access to funding and investment, perhaps representing the boldest attempt yet to democratise access to capital.

The core benefits of this new paradigm are far reaching:

##### **Accessibility**

The core appeal of ICMs lies in accessibility. Traditional capital formation is built, by design, around exclusion, where deals are restricted to accredited investors, IPOs gated by underwriters, and venture capital limited to founders with the right networks (Figure 2). While this is often for the protection of retail investors, it has left behind the majority of capital allocators from participating in the most attractive deals of the modern financial age: ICMs invert that model entirely. Anyone with an internet connection and a crypto wallet can raise or allocate capital.

By removing intermediaries, ICMs open participation to millions who were previously shut out of early-stage investing, creating a universal fundraising layer that runs natively on the internet.

**Figure 2: The IPO process is a long and intensive one**



Source: KPMG Thailand

### Global Liquidity, 24/7

Like DeFi before it, ICMs operate continuously. There are no market hours, borders, or capital controls. Tokens can trade 24/7 across jurisdictions, with smart contracts handling settlement instantly. This fluidity lowers friction for both issuers and investors, creating what is effectively a global micro-market for ideas and intellectual property.

### Early Signals of Adoption

While most ICM activity today remains speculative, early examples hint at the potential for more structured use. Projects such as Gavel and Superstate's Opening Bell on Solana illustrate how compliant, on-chain capital formation could evolve, from tokenised equity issuance to regulated investor access (Figure 3).

At a macro level, the narrative around ICMs ties into a broader shift in how value is created online. If the last decade of crypto built the infrastructure for money on the internet, ICMs represent the next frontier: markets on the internet.

**Figure 3: Superstate's Opening Bell, powered by programmable equity tokens**

### How it works

We've built a seamless and compliant way for a company's official shares to trade on-chain.

#### 1 Onboard

A company hires Superstate, an SEC-registered transfer agent, to record and tokenize their shares. If the shares are already publicly traded, we work alongside an existing transfer agent and build an interoperable bridge between traditional markets and Ethereum or Solana.

#### 2 Tokenize

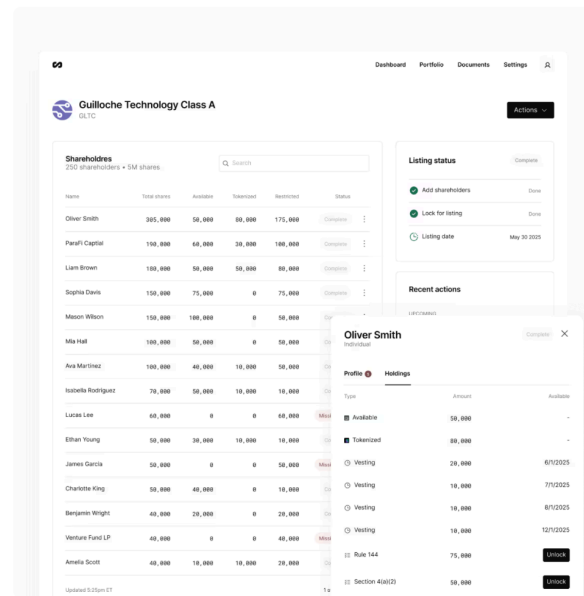
Existing shareholders like retail investors, institutions, and market makers can migrate shares from traditional markets into token form. The company can issue new shares directly as tokens on-chain, too.

#### 3 DeFi

Tokenized shares can immediately work with any DeFi application that Superstate supports; alternatively, companies can customize which applications their shares can interact with.

#### 4 Track

Superstate maintains an SEC-compliant shareholder registry across book-entry holdings, tokenized holdings, and integrated DeFi protocols — giving companies real-time visibility into their shareholders.



Source: Superstate

## 4. The Risks and Realities

The biggest question is whether ICMs can evolve from narrative to utility. Tokenising ideas is easy; sustaining credible projects is not. For ICMs to shift from the promising early idea that it is now to a sustained vertical in crypto, it needs more than social hype: there needs to be regulation that protects investors, frameworks that link token ownership to real economic rights, and communities that treat tokens as long-term capital rather than short-term lottery tickets.

### 4.1. A Market Built on Unsustainable Hype

The rise of ICM has been fuelled as much by attention as by innovation. Projects like Launchcoin went viral not because they solved a structural problem in finance, but because they made speculation social, during a bull market. Token launches spread through memes and influencer posts, and liquidity flowed to whatever captured the moment.

This environment mirrors the early DeFi summer and the memecoin era: high engagement, fast capital inflows, and minimal due diligence. While ICMs promise open access, most participation so far has been driven by short-term trading rather than long-term investment.

## 4.2. The Absence of Regulation

One of ICMs' biggest advantages is also their greatest weakness, and one that has plagued the broader crypto industry since its push to be legitimate. The lack of regulation allows anyone to issue tokens freely, but it also exposes participants to scams, rug pulls, and legal uncertainty. Unlike equities or bonds, ICM tokens confer no legal ownership or recourse since claims are code-defined rather than contractual.

This means retail investors face asymmetric risk. Token prices can collapse overnight, founders can disappear, and enforcement is rare. Without fair disclosure of all material information that meets minimum standards, retail investors would suffer from an informational disadvantage with asymmetrical exposure to the risks of fraud and price manipulation. Until a way to adhere to fair market practices is established, through the authorities' intervention or otherwise, ICMs may remain on the fringe of legitimate capital markets.

### Figure 4: Want to participate in private deals in the US? You probably can't

#### How can individuals qualify as accredited?

Individuals (i.e., natural persons) may qualify as accredited investors if they meet any of the following wealth, income, or financial sophistication criteria:

##### Financial Criteria

- Net worth over \$1 million, excluding primary residence (individually or with spouse or partner)
- Income over \$200,000 (individually) or \$300,000 (with spouse or partner) in each of the prior two years, and reasonably expects the same for the current year

##### Professional Criteria

- Investment professionals in good standing holding the general securities representative license (Series 7), the investment adviser representative license (Series 65), or the private securities offerings representative license (Series 82)
- Directors, executive officers, or general partners (GP) of the company selling the securities (or of a GP of that company)
- Any "family client" of a "family office" that qualifies as an accredited investor
- For investments in a private fund, "knowledgeable employees" of the fund

Source: SEC

## 4.3. Fragile Market Infrastructure

ICM protocols are still experimental. Many use automated liquidity and bonding curves that can amplify volatility. With few liquidity providers and little depth, prices can swing violently on thin volume. Security is another weak point. Smart contract exploits, private key thefts, and fake tokens remain persistent risks across platforms.

Even the user experience is fragile. Most ICM platforms rely on social media integrations and bots, meaning token creation or trading can hinge on a few APIs and scripts. That fragility makes ICMs more like viral experiments than financial infrastructure.

## 5. The Inflection Point Ahead

With legacy systems and traditions still ruling traditional capital markets, it's clear that the current paradigm was designed for a pre-digital world. The regulatory frameworks that emerged after the 1929 crash layered rules, intermediaries, and infrastructure that still shape today's systems. These layers built stability, but also inefficiency. Settlements take days, costs remain high, and access is filtered through geography, accreditation, and institutional gatekeeping.

### 5.1. The On-Chain Alternative

Internet Capital Markets aim to compress a century of financial infrastructure into a single, continuous ledger. In this system, issuance, trading, and settlement occur on-chain in real time, where information and value flow together without friction. Markets operate globally by default, and participation expands beyond accredited investors to anyone with a wallet and an internet connection.

The outcome is a capital markets dynamic that not only benefits from inclusion but also efficiency. On-chain markets can remove reconciliation altogether, replacing it with synchronisation. Settlement times shrink from days to seconds, transaction costs approach zero, and liquidity becomes a shared resource rather than a fragmented one. The entire structure of finance begins to resemble a network rather than a series of disconnected institutions.

**Figure 5: TradFi settlements can be... complex**



**J.P. Morgan**  
**U.S. T+1 Securities Settlement -**  
**Frequently Asked Questions:**  
**Markets Clients**  
May 2024  
**J.P. Morgan**

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Source: J.P. Morgan

## 5.2. Regulation Aligning with Innovation

For years, most blockchains could not support this vision. They were too slow, too expensive, and too unreliable to handle real capital markets. This started to change with the “alt-L1” narrative which saw the emergence and exponential growth of the so-called “ETH-killers”.

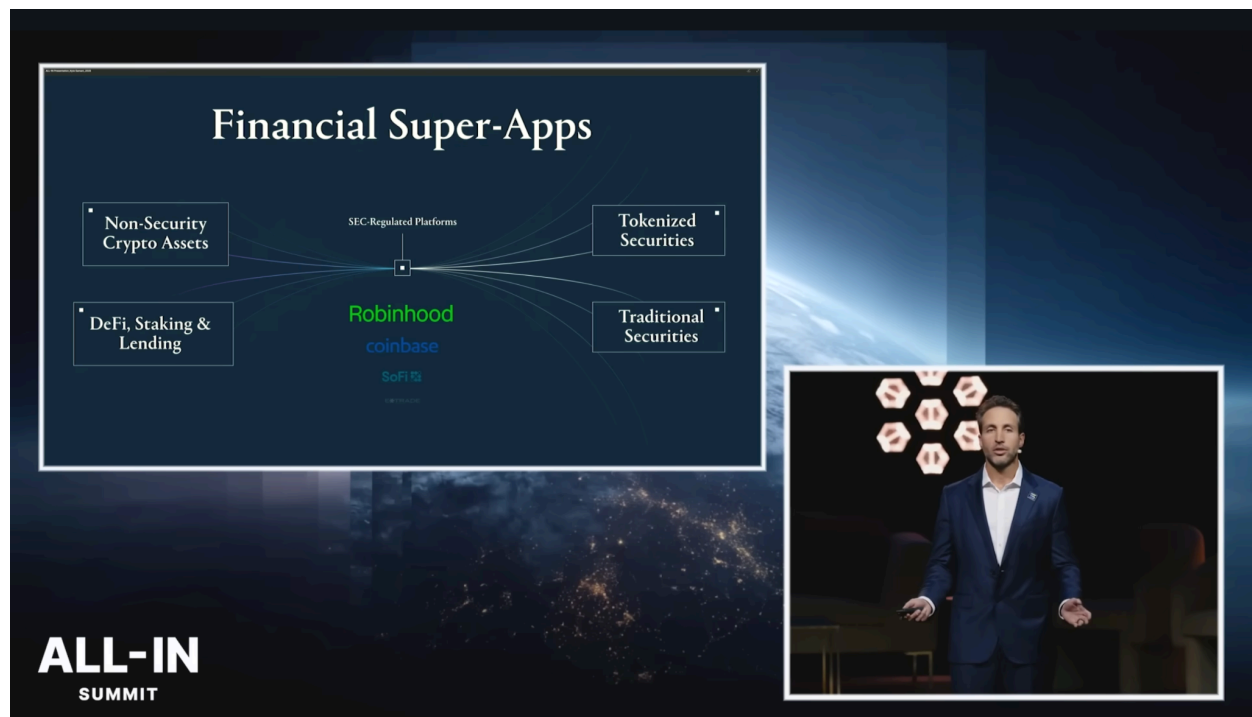
High-performance networks such as Solana have the throughput capabilities required for institutional-grade activity. Exchange-level performance on a public blockchain is no longer speculative: it has been observable for quite some time.

The second half of the equation is regulation. Technical progress will not matter if the rules stay frozen in a pre-digital model. This year’s legislative and regulatory developments mark the first meaningful shift toward recognising on-chain capital markets as legitimate venues for issuance and trading. As explored in Presto Research’s report [Project Crypto: A Catalyst For Fee Switch Trade?](#) (Peter Chung, 22Aug25), this alignment is already visible in the SEC’s “Project Crypto” initiative, which outlined a roadmap for integrating token issuance, custody, and DeFi activity into the existing securities framework. The shift is less about tolerance and more about adoption: regulators are no longer debating whether on-chain markets will exist, but how to embed them within the structure of U.S. capital markets. Stablecoin frameworks, investor protections, and on-chain disclosure standards are beginning to form the legal backbone that this ecosystem has lacked. Together, they signal the end of regulatory inertia and the beginning of structural alignment.

## 6. Final Word

Performance and policy are converging, setting the stage for the first generation of credible, compliant Internet Capital Markets. When those systems prove that real securities can be issued, traded, and settled entirely on-chain, capital will move quickly. What follows will not simply be a digital copy of Wall Street. It will be an expansion of market design itself, enabling formats that could only exist in a native digital environment: community-led fundraising, prediction markets tied to live data, and trading that happens directly within consumer applications.

**Figure 6: Multicoin Capital's Kyle Samani on Internet Capital Markets**



Source: All-In Summit 2025 Presentation

The implications reach far beyond crypto. Every function of finance from issuance, trading, settlement, and risk can eventually migrate on-chain, creating a unified infrastructure for global capital. The legacy system is unlikely to evolve into this model; it will be overtaken by it. Internet Capital Markets are not a peripheral experiment within DeFi. They represent a reset of how markets are built, priced, and connected.

What was once a theoretical idea is beginning to materialise. The technology is ready, the rules are taking shape, and the culture around finance is shifting toward openness and speed. Internet Capital Markets are not a passing narrative but the groundwork for the financial architecture of the coming decade.

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## Authors

**Rick Maeda**, Research Associate [X](#), [Telegram](#), [LinkedIn](#)

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