

**About this document**

This document contains Nostro's response to an independent external assessment of the project prepared by a professional economist.

We are publishing this response alongside the original analysis because we believe that investment decisions should be based on open discussion, critical review, and direct examination of competing arguments.

The original analysis, translated into English, is available on the same page and can be accessed using the following link:

https://nostro.pro/data_room_downloads/supporting_materials/analysis_of_the_nostro_project.pdf

We encourage readers to review both documents in full and reach their own conclusions about the project.

Response to the Analysis of the Nostro project

Executive summary: what remains after the analysis

Over more than one hundred and thirty pages, a detailed examination of the critique of the Nostro project was conducted.

The main result of that examination turned out to be unexpectedly simple.

The author of the analysis advances a large number of highly negative conclusions about the project. Nostro is repeatedly described as a fantasy, a surrogate, a quasi-instrument, a quasi-product, and an opaque financial product, and is effectively presented as a concept with no real prospects of implementation.

However, as the underlying reasoning was tested, one pattern became clear: the more categorical the conclusion, the weaker its evidentiary basis proved to be.

Throughout the analysis, it is repeatedly asserted that the project is not investment-ready, lacks convincing economics, has no right to enter the market, is incapable of solving the stated problem, cannot withstand competition from existing initiatives, and has no investment appeal.

In most cases, however, these conclusions are accompanied not by proof that the project is impossible, but by a list of execution risks.

These are fundamentally different things.



Neither risk, nor complexity, nor the absence of validation constitutes proof of impossibility.

Most revealingly, the most serious allegations made in the analysis are often supported by the least amount of evidence, or are based entirely on subjective judgment without any factual substantiation whatsoever.

In particular, the document does not demonstrate internal contradictions within the Nostro architecture, does not prove the impossibility of achieving the model's key assumptions, and does not prove that the infrastructure problem described by the project does not exist.

At the same time, the analysis itself provides a detailed account of many of the limitations of modern financial infrastructure that the Nostro hypothesis is specifically designed to address.

This does not mean that Nostro will necessarily succeed. The project is at the Pre-Seed stage and carries the typical risks associated with any startup at this stage of development.

The company does not yet have licenses, a completed product, validated demand, an established customer base, or the other forms of evidence that emerge at later stages of a company's growth. However, these are less risks than characteristics of the project's current stage.

And the mere existence of risks is not, in itself, proof that the underlying hypothesis is false.

At its core, Nostro is built on a simple observation: the cryptocurrency market has accumulated trillions of dollars in value and hundreds of millions of users, yet it has never become a meaningful part of the everyday economy.

The overwhelming majority of digital assets continue to circulate within the crypto ecosystem itself.

Nostro views this as an infrastructure problem.

The project's hypothesis is that between the crypto economy and the real economy there is no regulated infrastructure that allows businesses to use digital assets with the same legal, accounting, and operational certainty as traditional money.

It is this hypothesis that must be disproven in order to demonstrate that the project itself is fundamentally unsound.

The analysis, however, contains no such refutation.



Instead, a substantial portion of the criticism is directed at existing cryptocurrencies, stablecoins, and the current state of the market.

But acknowledging the limitations of existing solutions is not a refutation of a project that is built precisely on the premise that those limitations exist and require a new approach.

At its core, the debate comes down to a single question: can a new regulated infrastructure bring even a small portion of existing cryptocurrency liquidity into the real economy?

The project's published base-case scenario is built on attracting capital into the Nostro ecosystem equivalent to approximately 0.5% of the cryptocurrency market.

If such a scenario is impossible, then the project's investment thesis is flawed.

If such a scenario is achievable, even partially, then it creates the possibility of building infrastructure whose value could exceed the company's current valuation many times over.

Accordingly, after completing this review, the central question can be stated as follows:

Does the analysis presented prove that the Nostro project is impossible?

The findings of this examination indicate that it does not.

The analysis convincingly demonstrates a high level of risk. But a high level of risk is not proof of impossibility.

As Timothy Lister and Tom DeMarco wrote in *Waltzing with Bears*:

« *If there's no risk on your next project, don't do it.* »

This is precisely why venture investing is not about finding projects with no risk. It is about determining whether the potential outcome justifies the risk being taken.

In the end, the analysis's most confident conclusions also proved to be its least substantiated.

For that reason, the question facing an investor is not whether risk exists.

Risk exists.

The real question is different.



Do the arguments presented provide sufficient grounds for a categorical conclusion that the project is impossible? Are the risks identified so significant that they render the project unattractive as an investment?

After a detailed examination of the analysis and its underlying arguments, no convincing basis for answering either of those questions in the affirmative could be found.

- Executive summary: what remains after the analysis 1
- Part I. Analysis of the Critique 8
 - Introduction 8
 - Chapter 1. What is the debate actually about? 8
 - 1.1. Cryptocurrencies, stablecoins, and the Nostro project as distinct objects of analysis ... 9
 - 1.2. Execution risk and economic viability of the model as distinct categories 11
 - Chapter 2. Methodological flaws in the analysis 14
 - 2.1. Substitution of the subject of the debate 14
 - 2.2. Conflating market capitalization with addressable liquidity 16
 - 2.3. Conflating the infrastructure problem with the demand problem 19
 - 2.4. Conflating venture risk with economic impossibility 21
 - 2.5. Conflating institutional and entrepreneurial paths to financial infrastructure development 23
 - Chapter 3. What Nostro actually proposes 26
 - 3.1. The underlying problem 26
 - 3.2. Nostro system architecture 27
 - 3.3. The role of N-Token 28
 - 3.3.1. Payment function 29
 - 3.3.2. Unit of account function 29
 - 3.3.3. Medium of exchange function 29
 - 3.3.4. Tax and accounting functions 29
 - 3.3.5. Preservation of value within the economic ecosystem 30
 - 3.4. The role of N-Coin 31
 - 3.4.1. Liquidity function 31
 - 3.4.2. Collateral function 32
 - 3.4.3. Long-term participation function 32



3.4.4. Payment capacity provision function.....	32
3.4.5. Market value and price floor.....	33
3.4.6. Direct settlement capability.....	33
3.5. The role of Wrapped N-Coin.....	34
3.5.1. Integration with external blockchain networks.....	34
3.5.2. Capital movement between ecosystems.....	35
3.5.3. Expansion of the Nostro economy beyond the system.....	35
3.5.4. Return to the regulated environment.....	35
3.6. The system's interest model.....	36
3.6.1. Source of interest income.....	36
3.6.2. Distribution of returns.....	36
3.6.3. Economic incentives of participants.....	37
3.7. Why functions are separated across multiple instruments.....	37
3.7.1. Limitations of a universal asset.....	38
3.7.2. The Nostro approach.....	38
3.7.3. Practical outcomes of functional separation.....	39
3.8. Liquidity and collateral mechanics.....	39
3.8.1. Sources of liquidity.....	40
3.8.2. Obligation coverage mechanics.....	40
3.8.3. System resilience at scale.....	41
3.8.4. System resilience during periods of reduced economic activity.....	42
3.8.5. System resilience during cryptocurrency market growth and decline.....	42
3.8.6. System resilience to changes in the value of reserve assets.....	42
3.8.7. System resilience during mass participant exits.....	43
3.8.8. Liquidity elasticity and the distinction from conventional stablecoins.....	44
3.9. Why Nostro is not just another stablecoin.....	45
3.9.1. Differences from conventional stablecoins.....	45
3.9.2. Differences from tokenized deposits.....	47
3.9.3. Differences from existing cryptocurrency payment solutions.....	49
Chapter 4. Response to the key claims presented in the analysis.....	51
4.1. The "\$3.5 trillion outside the economy" claim.....	51



4.2. The claim that low business adoption of cryptocurrency is not an anomaly	54
4.3. Claim that the problem with cryptocurrency does not lie in infrastructure	55
a. Stable unit of account	57
b. Convenient means of payment	57
c. Legally straightforward asset	58
d. Reliable treasury instrument	58
e. Settlement finality	60
f. Counterparty and custody risks	60
g. Settlement process management	61
h. Depeg risk	62
i. Complexity of multi-asset treasury management	63
j. Token accounting	63
k. Network accounting	64
l. Fee accounting	64
m. Wallet access controls	65
n. Advantage of simple fiat accounting	66
o. Asset insurance	66
4.4. Claim regarding the inability of stablecoins to become money	68
4.5. Claim regarding Nostro's lack of monetary properties	69
Monetary functions within the Nostro architecture	71
Means of payment	71
Unit of account	71
Medium of exchange	71
Store of value	72
Singleness of money	73
Elasticity	73
Integrity	73
The core error in the claim	74
4.6. Claim regarding the surrogate nature of N-Token and N-Coin	75
4.7. Claim regarding the inability of N-Token and N-Coin to jointly perform monetary functions	77



4.8. Claim regarding the impossibility of combining payment and investment functions	79
4.9. Claim regarding the impact of stablecoin market share on market stability.....	80
4.10. Claim regarding the need to validate hypotheses through regulatory sandboxes	82
<i>Regulatory sandboxes</i>	83
4.11. Thesis on the hypothetical customer and unproven user behavior	85
4.12. Thesis on the insufficient transparency of the project architecture.....	87
4.13. Thesis on Nostro being inconsistent with the current direction of financial system development	90
4.14. Thesis on customer discovery and the first customer	92
4.15. Thesis on the team's right to enter the market.....	94
4.16. Thesis on the learning roadmap	95
4.17. Claim regarding the project's financial model	97
4.18. Claim regarding free transactions.....	100
4.19. Claim regarding competitive analysis	101
4.20. Claim regarding competition with banking, governmental, and institutional initiatives	104
4.21. Claim regarding the experience of we.trade and other infrastructure initiatives	106
4.22. Claim regarding network fragmentation and the standards problem	109
4.23. Claim regarding the fundamental invalidity of the infrastructure approach.....	110
4.24. Claim regarding the need to focus on a single ICP and a single use case.....	111
4.25. Claim regarding fraud, pump-and-dump schemes, and conflicts of interest.....	113
Table of facts contradicting the conclusion regarding pump-and-dump, fraud, and hidden team motives	119
4.26. The author's concluding questions	123
Part II. Is the project investment-ready.....	124
Chapter 5. The Nostro investment case.....	125
5.1. Readiness for investment.....	126
5.2. The scale of potential value creation	128
5.3. Company valuation and the rationale behind the current funding round	131
5.4. Potential returns and outcome asymmetry	133
Chapter 6. Questions an investor should ask themselves.....	134
Overall conclusion	135



Which risks the analysis identifies correctly 135
Which conclusions of the analysis are not supported by the facts presented 136

Part I. Analysis of the Critique

Introduction

This document has been prepared in response to the analysis of the Nostro project available [at the following link](#).

We view this analysis as a serious and good-faith attempt to evaluate the project from the perspectives of venture investing, financial infrastructure, and financial technology development.

At the same time, we believe that a significant portion of the analysis’s conclusions is based on a misinterpretation of the project’s objectives, a conflation of different levels of discussion, and the treatment of execution risk as evidence of the concept’s impossibility.

The purpose of this document is not to prove that Nostro’s success is inevitable. Any venture-backed project involves a high degree of uncertainty.

Our objective is far more modest and, at the same time, more important: to demonstrate that a number of the analysis’s key conclusions do not invalidate the project’s economic logic, do not prove the impossibility of implementing the proposed model, and do not rule out the existence of an investment opportunity.

To that end, we will systematically examine the methodological foundations of the critique, address its principal arguments, and outline the economic logic upon which the Nostro project is built.

Chapter 1. What is the debate actually about?

Before examining the specific claims, it is necessary to define the subject of the debate.

A significant portion of the disagreement between the author of the analysis and the Nostro team stems not from differing assessments of the same claims, but from fundamentally different views regarding what should actually be evaluated: cryptocurrencies as an asset class, existing stablecoins, or the architecture proposed by Nostro.



This chapter examines the fundamental distinctions between these objects of analysis and explains why a high level of execution risk is not, in itself, evidence of the concept's economic invalidity.

1.1. Cryptocurrencies, stablecoins, and the Nostro project as distinct objects of analysis

The first issue with the analysis is that it applies conclusions drawn about cryptocurrencies and stablecoins to the Nostro project, despite the differences in their underlying economic logic and architecture.

The author writes:

“Cryptocurrencies and stablecoins have accumulated a certain market capitalization and a large user base, but have failed to become fully functional money for the real economy due to the absence of regulated infrastructure that would allow businesses to accept crypto assets as easily, with the same legal clarity and accounting transparency as ordinary fiat money.”

In substance, this statement describes the very problem that the Nostro project is intended to solve.

The author then proceeds to present a series of arguments against existing cryptocurrencies and stablecoins.

For example:

“The vast majority of crypto assets do not meet the requirements businesses have for money.”

or

“Stablecoins exist primarily not as standalone payment instruments for purchasing goods and services, but as settlement assets within the crypto ecosystem itself.”

However, these statements do not imply that the Nostro project is fundamentally flawed.

On the contrary, the recognition of these limitations is precisely what underpins the architecture of the system.

Nostro does not claim that existing cryptocurrencies already perform the functions of money.



Nostro does not claim that existing stablecoins have solved the problem of the commercial use of crypto assets.

Nostro proceeds from the opposite assumption: existing solutions have failed to solve this problem.

Therefore, criticism of cryptocurrencies is not automatically criticism of Nostro.

Criticism of stablecoins is not automatically criticism of Nostro.

To refute Nostro, it is necessary to demonstrate that the proposed architecture fails to address the limitations that the author of the analysis himself identifies in existing solutions.

Instead, in a number of instances, conclusions drawn about existing crypto assets are applied to a system that has a different structure and a different economic logic.

For example, the statement:

“Stablecoins did not become money for the broader real economy...”

is not an argument against Nostro.

It is a description of the problem that Nostro seeks to solve.

Similarly, the statement:

“The vast majority of crypto assets do not meet the requirements businesses have for money.”

is not a refutation of Nostro.

It is an argument in favor of the need for a different architecture.

Thus, before discussing the viability of the project, it is necessary to distinguish between three different objects of analysis:

- existing cryptocurrencies;
- existing stablecoins;
- the Nostro infrastructure model.



Without such a distinction, conclusions drawn about the first two categories are erroneously applied to the third, creating the false impression that the project has been refuted when, in reality, only the limitations of existing solutions have been demonstrated.

1.2. Execution risk and economic viability of the model as distinct categories

One of the central shortcomings of the analysis is its conflation of two fundamentally different questions:

- whether a particular team is capable of executing the project;
- and whether the proposed model can work if successfully executed.

These are not the same thing.

Throughout the document, the author repeatedly points to the high degree of complexity involved in implementing the project.

For example:

“These are not the kinds of projects that can be made economically viable within the framework of a venture-backed startup by a team lacking the relevant experience.”

Further:

“Thus, they have failed to demonstrate why an early-stage startup, with no indication of experience in serious institutional finance, no understanding of a viable market entry wedge, and no meaningful support, should begin by building some form of infrastructure.”

Later, the author writes:

“Based on what I have seen, the team's right to enter this market remains unproven.”

He further states:

“The team has not explained why it, specifically, has access to the right customer, understands the customer's workflow, can overcome industry barriers, and is capable of generating the first compelling evidence faster than others.”

These observations are important.



They relate to the team, its experience, market access, customer validation, licensing, competition, and the likelihood of successful execution.

However, they do not demonstrate that the model itself is economically unsound.

Even if one accepts the argument that the current team may be unable to execute the project successfully, it does not follow that the underlying problem does not exist or that the proposed approach is fundamentally incapable of working.

These are different levels of analysis.

The first level is whether an economic opportunity exists.

The second level is whether a particular team can successfully capture that opportunity.

The author also points to the absence of demonstrated demand, a first customer, a market-entry wedge, and a business model grounded in validated customer value.

For example:

“Until such evidence is produced, the project cannot be considered ready for presentation to investors.”

“Without a market-entry wedge, it is impossible to determine which hypothesis is the primary one.”

“Nostro’s financial model reads more like a top-down fantasy than a description of customer behavior and a mechanism for sustainably capturing a portion of validated customer value.”

These arguments describe the weaknesses of the project at its current stage.

But the weaknesses of the current stage are not the same thing as the falsity of the underlying hypothesis.

Moreover, the author of the analysis effectively acknowledges that, at an early stage of development, key assumptions are not yet required to have been fully replaced by facts:

“At the Pre-Seed stage, the team must build a sufficient level of evidence-based confidence, gradually replacing its highest-risk assumptions with observable facts.”

This is an important formulation.



It means that, by definition, certain facts are not yet available at an early stage of a project.

That is precisely why a startup progresses from hypothesis to validation, rather than beginning with an already proven infrastructure model.

The history of technology and infrastructure markets demonstrates the same principle.

Before the emergence of the Internet, it was impossible to prove the existence of global e-commerce.

Before the emergence of cloud platforms, it was impossible to prove that companies would be willing to move mission-critical infrastructure to the cloud.

Before the emergence of digital payments, it was impossible to prove that billions of people would store funds and pay for goods and services through mobile devices.

In all such cases, the absence of proof was not proof of impossibility.

Investors evaluated not an already realized outcome, but the validity of the hypothesis, the scale of the potential opportunity, and the likelihood that the team would be able to systematically replace assumptions with observable facts.

Therefore, the absence of a customer is not proof that a market does not exist.

The absence of a license is not proof that obtaining a license is impossible.

The absence of network effects is not proof that network effects cannot emerge.

The absence of adoption is not proof that adoption is impossible.

To refute the Nostro concept, it is not sufficient to demonstrate the existence of significant execution risks.

One must demonstrate either an internal contradiction within the model or the impossibility of satisfying its key underlying assumptions.

No such demonstration is provided in the analysis.

On the contrary, a substantial portion of the document is devoted to identifying factors that may hinder the project's execution.



These are important risks that merit separate consideration.

However, the existence of execution risks does not, in itself, justify the conclusion that the Nostro concept is fundamentally unsound.

It supports only a different conclusion: that a difficult path lies between the hypothesis and successful execution, and that the project has yet to prove it can navigate that path.

Chapter 2. Methodological flaws in the analysis

This chapter is concerned not with the individual claims made in the analysis, but with the logic underlying its principal conclusions.

We will demonstrate that a significant portion of the criticism directed at the project arises not from an actual refutation of the Nostro concept, but from the conflation of distinct economic categories, levels of analysis, and types of risk. These methodological flaws underpin many of the conclusions presented in the analysis and therefore warrant separate examination before turning to the assessment of specific arguments.

2.1. Substitution of the subject of the debate

The substitution of the subject of the debate becomes evident in the analysis through the fact that Nostro's infrastructure hypothesis is evaluated as though it were a conventional early-stage product startup with a single narrow ICP and a single pre-validated use case.

The author explicitly frames the distinction as follows:

“In contrast, this project focuses on a macro-level problem and attempts to justify the development of certain quasi-financial instruments as a solution to that problem.”

The analysis then proposes a different framework for evaluation:

“Which specific process today contains a measurable inefficiency? Who bears the cost of that inefficiency? Why are existing solutions inadequate? And why does DLT reduce those costs more effectively than traditional infrastructure?”

It then reaches the following conclusion:

“Instead of a first testable use case and a clear market-entry wedge, what was presented was a high-level vision of a future ecosystem built around questionable economic incentives.”



These questions are important when evaluating an initial market-entry strategy.

However, they do not correspond to Nostro's original subject matter.

Nostro does not position itself merely as a point solution designed to optimize a single existing financial process. Instead, the project is based on a different hypothesis: crypto assets have failed to enter the real economy not because of the absence of a single convenient product, but because of the absence of a fully regulated infrastructure through which businesses can accept, account for, hold, use, and redeem crypto assets with the same legal and operational clarity as fiat money.

Accordingly, the requirement to reduce the project to a single ICP and a single use case requires further qualification.

For most product companies, the ICP is a central element of strategy because the product is designed to solve a specific problem for a specific group of users.

Money and payment infrastructure, however, belong to a different category of systems.

Money is a universal economic instrument. It is used simultaneously by individuals, businesses, financial institutions, and governments.

Therefore, the question of the initial ICP is important for determining the sequence in which the system is introduced, but it does not define the boundaries of its potential application.

The existence of an initial market segment does not mean that the underlying economic hypothesis is limited to that segment.

In Nostro's case, the subject of analysis is not the attractiveness of a particular ICP, but the possibility of creating an infrastructure capable of serving different categories of participants within a unified monetary ecosystem.

This does not eliminate the need for an initial commercial use case.

But it does change the significance of that use case.

The first use case is needed to validate market entry, not to define the full nature of the system.

The first ICP is needed to initiate adoption, not to constrain the entire economic model.

Accordingly, the question should be framed differently.



Not: *why has Nostro not yet validated a single ICP?*

But rather: *can Nostro offer an infrastructure architecture that removes the barriers between crypto assets and the real economy more effectively than existing partial solutions?*

The analysis largely answers the first question and then uses that answer to draw conclusions about the second.

This is precisely where the substitution of the subject of the debate occurs.

If the project has not yet presented a sufficiently convincing initial testable use case, that points to the need for a more clearly defined go-to-market strategy, pilot program, and sequence for validating its hypotheses.

However, it does not demonstrate that the underlying infrastructure problem does not exist.

It does not demonstrate that Nostro's dual-circuit model lacks economic rationale.

It does not demonstrate that regulated fiat-crypto infrastructure cannot emerge as a standalone market.

Moreover, the analysis itself acknowledges that existing market participants are already addressing adjacent infrastructure challenges: custodial storage, counterparty risk reduction, delivery-versus-payment mechanisms, institutional networks, tokenized deposits, CBDCs, interbank DLT platforms, and programmable payments.

This suggests that the market is already evolving not through a single customer use case, but through the search for a new infrastructure architecture.

It is this question that should be evaluated in the analysis going forward.

2.2. Conflating market capitalization with addressable liquidity

In this part of the analysis, the author correctly points to an important consideration: the market capitalization of crypto assets is not equivalent to the volume of funds that can be immediately deployed into consumption, investment, or corporate transactions.

The author writes:

“The market capitalization of crypto assets is not equivalent to capital that is somehow ‘sitting outside the real economy’ and can supposedly be brought back into economic circulation.”



He further explains:

“The market capitalization of crypto assets is merely a calculated figure: the market price of an asset multiplied by the number of units in circulation. It does not mean that an equivalent amount of liquid capital exists and is ready to flow into consumption or corporate payments.”

This is a point that is difficult to dispute.

However, the analysis then proceeds to refute a claim that the Nostro project does not, in fact, make.

Nostro does not claim that the entire cryptocurrency market capitalization represents freely available liquidity ready to flow immediately into the real economy.

Nostro does not claim that all holders of crypto assets simultaneously wish to convert those assets into goods and services.

Nostro does not claim that the market capitalization of crypto assets is equivalent to the volume of readily available money.

In reality, Nostro’s argument is far narrower.

It is simply that a substantial amount of value exists within the crypto economy that participates only marginally in real commercial activity and instead circulates predominantly within the crypto ecosystem itself.

Indeed, the author of the analysis effectively acknowledges this observation himself.

For example, he writes:

“Stablecoins exist primarily not as standalone payment instruments for purchasing goods and services, but as settlement assets within the crypto ecosystem itself.”

The author also states:

“A high observed volume of stablecoin transactions does not imply a proportionally high level of demand for these instruments in the real economy.”

In effect, both statements confirm the existence of a gap between the scale of the crypto economy and the scale of its use in real-world commerce.



This gap is precisely the subject of Nostro's analysis.

The question, therefore, is not whether the entire market capitalization of the crypto market can simultaneously be converted into consumption.

Nostro makes no such claim.

The real question is whether the value that already exists within the crypto economy can participate in real economic activity to a greater extent than it does today.

That is a fundamentally different question.

For an economic opportunity to exist, it is not necessary for the entire market capitalization of the crypto market to flow into the real economy.

It is not even necessary for a significant portion of it to do so.

It is sufficient for a relatively small share of existing crypto assets to begin being used regularly to pay for goods, services, salaries, contracts, and other commercial transactions.

Even a limited change in how existing value is utilized can create a market of enormous scale.

Accordingly, this section of the analysis conflates two distinct concepts.

The first is market capitalization as a calculated measure of the aggregate value of assets.

The second is addressable liquidity, meaning the portion of existing value that could potentially participate in economic activity if the appropriate infrastructure were available.

Refuting the first concept does not constitute a refutation of the second.

Therefore, by demonstrating that market capitalization is not equivalent to the volume of freely available money, the author does not demonstrate the absence of the economic opportunity on which the Nostro hypothesis is based.

He merely demonstrates that market capitalization and liquidity are not identical concepts.

Nostro does not dispute this point.



2.3. Conflating the infrastructure problem with the demand problem

One of the most significant methodological flaws in the analysis is the conflation of two distinct questions:

whether there is demand for the use of crypto assets in the real economy;

and

whether the necessary infrastructure exists to allow that demand to be realized.

Throughout the document, the author repeatedly points to the low level of business adoption of crypto assets and uses this fact as an argument against Nostro's infrastructure hypothesis.

For example, the author writes:

"The low level of cryptocurrency adoption in payments is driven primarily by fundamental factors."

He further states:

"The vast majority of crypto assets do not meet the requirements businesses have for money."

The author also notes:

"A high observed volume of stablecoin transactions does not imply a proportionally high level of demand for these instruments in the real economy."

All of the above statements may be true simultaneously.

However, they do not support the conclusion drawn by the author of the analysis.

Even if current demand for the use of crypto assets in commercial transactions remains limited, that alone does not explain the reasons for such a situation.

To do so, it is necessary to distinguish between two fundamentally different scenarios.

The first scenario is that demand is absent because market participants simply have no need for this method of settlement.



The second scenario is that demand remains limited because the existing infrastructure makes the use of crypto assets legally complex, operationally inconvenient, difficult to account for, or economically risky.

It is the second scenario that underlies the Nostro hypothesis.

At the same time, the author of the analysis himself provides a detailed description of the existence of such barriers.

For example, he points to challenges related to the custody of crypto assets, the complexity of corporate accounting, counterparty risk, settlement finality, depegging risk, custodial requirements, the need for asset insurance, transaction execution complexities, and the integration of crypto assets into corporate processes.

In effect, a substantial portion of the analysis is devoted precisely to outlining these infrastructure-related constraints.

However, the existence of these constraints is then used as an argument against the infrastructure approach itself.

This creates a logical contradiction.

If the key barriers are indeed related to asset custody, transaction execution, legal certainty, accounting treatment, counterparty risk, and integration into existing business processes, then those barriers are infrastructural by their very nature.

Accordingly, the existence of such constraints does not refute the infrastructure hypothesis.

On the contrary, it is a necessary precondition for that hypothesis to exist.

The author effectively demonstrates the existence of obstacles that hinder the use of crypto assets in commercial activity and then uses the existence of those same obstacles as an argument against efforts to remove them.

Moreover, the analysis assumes that the current level of crypto asset usage is sufficient to draw conclusions about the potential level of usage after the existing barriers have been removed.

However, such a conclusion does not follow from the arguments presented.

Observed market behavior reflects demand under the constraints of the existing infrastructure.



It does not automatically reveal how market participants would behave under a different infrastructure environment.

This is precisely why the historical development of financial markets has been accompanied by the continual emergence of new institutions, settlement mechanisms, asset custody frameworks, and payment infrastructure.

In many cases, demand became widespread not before the infrastructure existed, but after it was introduced.

Accordingly, demonstrating that crypto assets currently see limited use in commercial activity is not sufficient to refute the Nostro hypothesis.

It would also be necessary to demonstrate that market participants would not use such a system even if the existing infrastructure barriers were removed.

No such demonstration is provided in the analysis.

On the contrary, a substantial portion of the document is devoted to describing the barriers that currently hinder the use of crypto assets in the real economy.

Accordingly, the analysis demonstrates the existence of an infrastructure problem, but it does not demonstrate the absence of demand should that problem be addressed.

2.4. Conflating venture risk with economic impossibility

Another methodological flaw in the analysis is the conflation of the project's implementation challenges with the economic impossibility of the underlying model.

The author repeatedly emphasizes that the market Nostro seeks to enter requires trust, regulatory compliance, institutional relationships, capital, operational reliability, and the ability to handle large-scale financial flows.

This is difficult to dispute.

However, the fact that a market is highly challenging does not imply that new infrastructure cannot be created within it.

Complexity implies risk. But risk is not the same as economic impossibility.



Economic impossibility means that a model cannot work even if capital, talent, licensing, partnerships, customers, and a sound architecture are all in place.

Venture risk means something different: the model may be economically viable, but the probability of successful execution remains uncertain.

These are fundamentally different categories.

It is precisely the conflation of these categories that leads the analysis to an overly strong conclusion.

The fact that the project will require capital, licenses, trust, partners, early customers, technological reliability, and the ability to build a network of participants does not imply that the model itself lacks economic merit.

It implies only that the project operates in a high-risk venture environment.

For a venture investor, this is not an automatic disqualification.

Rather, it is a basis for evaluating the relationship between risk and potential return.

If the potential market is small, a high level of risk makes the project unattractive.

If the potential market is large, a high level of risk may be acceptable, provided that success creates disproportionate value.

This is precisely why infrastructure projects often appear excessively complex at an early stage.

They require trust, participant networks, and changes in market behavior.

However, if such infrastructure is successfully established, its value may significantly exceed that of a conventional product solution.

Accordingly, the proper conclusion to draw from the analysis is not that *the project is impossible because it is complex*, but rather that *the project carries a high degree of venture risk because its implementation requires overcoming substantial market, regulatory, technological, and institutional barriers*.

These are fundamentally different conclusions.

The first dismisses the investment hypothesis altogether.



The second calls for further evaluation of the size of the opportunity, the architecture of the solution, the sequence of hypothesis validation, and the project's ability to reduce uncertainty as it progresses.

Thus, the analysis convincingly demonstrates a high level of risk.

But a high level of risk is not evidence of economic impossibility.

It is a defining characteristic of a venture investment opportunity, particularly when the objective is to build new financial infrastructure.

2.5. Conflating institutional and entrepreneurial paths to financial infrastructure development

One of the most fundamental assumptions underlying the analysis is the view that financial infrastructure can be developed primarily through the actions of the largest institutional market participants.

Throughout the document, the author repeatedly argues that challenges of this scale are typically addressed by central banks, major commercial banks, payment networks, international financial institutions, and industry consortia.

For example, the author writes:

“Such initiatives are being implemented through experiments conducted by the largest banks and payment systems, with close involvement from regulators.”

He further states:

“They possess everything required to address challenges of this kind, including institutional influence, the ability to align the perspectives of major market participants on innovation, and the capacity to coordinate efforts across the industry's largest players.”

The analysis also repeatedly references CBDC projects, institutional DLT networks, tokenized deposits, interbank settlement platforms, and other initiatives led by major financial institutions.

These observations are, in themselves, valid.

However, they do not support the conclusion that is implicitly suggested throughout the analysis.



The existence of an institutional path to infrastructure development does not imply the absence of an entrepreneurial one.

They are distinct mechanisms through which markets evolve.

The institutional path typically emerges when existing participants seek to modernize an established infrastructure while retaining control over its evolution.

The entrepreneurial path emerges when a new architecture is built outside the existing system and begins competing with it for users, capital, and economic activity.

Modern financial infrastructure has repeatedly evolved not only through the actions of regulators and banks, but also through entrepreneurial companies that first created a new user or commercial layer and subsequently compelled established institutions to adapt.

Payment networks, electronic money, online banking, digital brokerages, online acquiring, mobile payments, and a significant share of today's fintech infrastructure did not initially emerge as the result of decisions made by central banks or supranational institutions.

In many cases, major institutions became involved only after the market had demonstrated both demand for and the viability of a new model.

In effect, the logic of the analysis can be reduced to the following proposition: if major institutions are already working on similar challenges, then those institutions must also be the source of the solution.

However, that conclusion does not necessarily follow from the underlying premises.

The fact that the largest market participants are attempting to solve a particular problem demonstrates only one thing: that the problem itself is sufficiently important to attract the attention of the largest market participants.

This reinforces the significance of the opportunity under consideration.

But it does not determine who will ultimately emerge as the winner.

Moreover, a significant number of the institutional initiatives referenced in the analysis are aimed at solving problems that differ from those addressed by Nostro.



CBDCs are focused on the digitization of sovereign money. Tokenized deposits are aimed at modernizing banking infrastructure. Interbank DLT platforms are designed to improve the efficiency of interactions among existing financial institutions.

At the same time, none of these initiatives automatically solves the problem of turning crypto assets into a fully functional settlement instrument for mainstream businesses and end users.

Accordingly, the mere existence of large-scale institutional initiatives does not constitute evidence that the problem under consideration has already been solved.

Nor does it constitute evidence that an entrepreneurial approach is incapable of producing a competitive solution.

Nor does it constitute evidence that new infrastructure can emerge only from within the existing financial system.

At its core, the analysis assumes that the scale of a problem automatically determines the set of participants qualified to solve it.

However, the history of technology suggests otherwise.

The size of a problem determines the scale of the opportunity. It does not predetermine who will ultimately become its primary beneficiary.

Thus, this section of the analysis conflates two distinct questions.

The first question is: who currently possesses the greatest resources to solve this problem?

The second question is: can an entrepreneurial initiative develop an architecture capable of creating new financial infrastructure?

An answer to the first question is not an answer to the second.

Accordingly, the presence of institutional players and large-scale infrastructure initiatives does not invalidate the Nostro hypothesis.

It merely confirms that the problem under consideration is sufficiently significant to attract competing efforts from different categories of market participants.



Chapter 3. What Nostro actually proposes

A significant portion of the analysis is based on a particular interpretation of what the Nostro project represents.

Accordingly, before addressing individual arguments, it is necessary to establish a clear definition of the subject under discussion.

This chapter examines the underlying problem the project seeks to solve, the core architecture of the system, the economic roles of N-Token and N-Coin, the logic of the dual-layer model, the mechanisms of liquidity and collateralization, and the key distinctions between Nostro and existing stablecoins and other crypto assets.

Only after these elements have been clearly defined is it possible to properly assess the validity or shortcomings of both the concept itself and the analysis presented.

3.1. The underlying problem

The Nostro project is built on a simple underlying premise.

Over more than fifteen years of existence, cryptocurrencies have accumulated substantial market capitalization, liquidity, user adoption, and a global transactional infrastructure. Yet they have not become a fully integrated instrument of everyday economic activity.

Most of the crypto economy continues to operate within its own ecosystem.

Crypto assets are used for trading, investment, value storage, speculative activity, collateralization of decentralized protocols, and internal settlement between participants in the crypto market.

At the same time, the use of crypto assets for the purchase of goods and services, corporate payments, payroll, commercial contracts, and other forms of real economic activity remains limited.

In quantitative terms, only around 9% of all cryptocurrency transactions are associated with the real economy. Of that volume, approximately 5% of all transactions, representing more than half of this activity, are linked to payments for illicit goods and services on darknet marketplaces.

In other words, the overwhelming majority of crypto market activity remains concentrated outside traditional commercial activity.



From Nostro's perspective, this situation is not accidental. It is the result of a persistent gap between the crypto economy and traditional economic infrastructure.

Despite the advancement of blockchain technology, most businesses still cannot work with crypto assets as easily, legally, transparently from an accounting perspective, or operationally reliably as they can with traditional fiat currencies.

As a result, a situation has emerged in which crypto assets are capable of performing certain financial functions but are not integrated into the economic system to the same extent as traditional money.

At the same time, the traditional financial system remains only weakly compatible with many of the capabilities created by the crypto economy. Smart contracts, decentralized protocols, tokenized assets, programmable settlement mechanisms, and other elements of blockchain infrastructure continue to exist largely outside the traditional monetary system.

As a result, two large financial environments have emerged, each with its own advantages and limitations.

Fiat money remains the foundation of modern commerce, yet it participates only marginally in most cryptocurrency-based mechanisms.

Crypto assets provide new ways to store, transfer, and program value, yet they remain only partially integrated into everyday economic activity.

This structural gap between the two financial systems is the underlying problem that the Nostro project seeks to address.

It is important to note that the project does not begin with the assumption that existing cryptocurrencies already function as fully developed forms of money.

On the contrary, Nostro starts from the recognition that existing solutions have thus far failed to achieve mass integration of crypto assets into the real economy.

Accordingly, the purpose of the project is not to create yet another crypto asset, but to identify an infrastructure mechanism capable of bridging this gap.

3.2. Nostro system architecture

The Nostro architecture is built around the idea of integrating the traditional economy and the crypto economy within a single regulated financial infrastructure.



The project is based on the premise that existing crypto assets have failed to become fully functional instruments of commercial activity not because of a lack of capital or users, but because of the absence of infrastructure capable of combining the advantages of cryptocurrency technologies with the requirements of real-world businesses.

To address this challenge, the system utilizes three interconnected instruments.

N-Token serves a payment function and is intended for transactions within the Nostro economic ecosystem.

N-Coin serves as the system's liquidity, collateral, and value-accrual instrument.

Wrapped N-Coin provides integration between the Nostro ecosystem and external blockchain networks, enabling the use of external cryptocurrency liquidity.

The architecture also incorporates regulated banking infrastructure, reserve management mechanisms, KYC/AML procedures, support for both fiat and cryptocurrency transactions, and an interest-based model for distributing returns among system participants.

A core principle of the architecture is the separation of payment and investment functions across different instruments.

From the project's perspective, the combination of these functions within a single asset is one of the reasons existing cryptocurrencies and stablecoins have failed to become fully functional forms of money for mainstream commercial activity.

Accordingly, Nostro is neither a standalone crypto asset nor another stablecoin. It is a comprehensive financial infrastructure in which different components of the system perform specialized economic functions.

3.3. The role of N-Token

N-Token is the payment instrument of the Nostro system.

Unlike most crypto assets, N-Token is not designed to serve as a store of value, an investment vehicle, or a source of system liquidity.

Its purpose is to perform monetary functions within the Nostro economic ecosystem.



3.3.1. Payment function

N-Token is used for the payment of goods and services, money transfers, and other forms of settlement between participants within the system.

All payment activity within the Nostro ecosystem is conducted through N-Token, regardless of whether the original source of funds was fiat currency or cryptocurrency.

As a result, N-Token serves as a unified payment instrument for individuals, businesses, and financial institutions.

3.3.2. Unit of account function

The value of goods, services, obligations, and other economic transactions within the system is denominated in N-Token.

Because N-Token is pegged to the euro, participants can operate using a familiar monetary unit without having to account for cryptocurrency volatility or recalculate transaction values across multiple assets.

This allows N-Token to function as a unified unit of account within the Nostro economic ecosystem.

3.3.3. Medium of exchange function

Once a participant receives N-Token, it can be used for subsequent transactions without the need for continual conversion between different assets.

As a result, value continues to circulate within the system through a single payment instrument.

It is this function that enables the formation of a self-contained economic ecosystem in which payments can be made directly between participants without requiring them to exit the system after each transaction.

3.3.4. Tax and accounting functions

One of the practical barriers to the mass adoption of cryptocurrencies is the complexity of tax reporting and accounting treatment.

In many jurisdictions, each instance of spending a crypto asset may trigger a separate taxable event and require independent accounting and tax assessment.



Under the Nostro model, a crypto asset is initially converted into N-Token and subsequently used within the system's payment ecosystem as a euro-denominated payment instrument.

From the project's perspective, this approach can significantly reduce the number of transactions that require separate analysis and treatment as crypto asset transactions.

At the same time, Nostro does not assume the elimination of participants' tax obligations.

The objective of the model is not to avoid taxation, but to simplify accounting processes and facilitate the integration of cryptocurrency-based funds into the existing financial workflows of businesses and individuals.

3.3.5. Preservation of value within the economic ecosystem

Most existing cryptocurrency payment solutions do not create a self-contained economic ecosystem.

Although the buyer may pay with cryptocurrency, the recipient typically receives fiat currency.

In practice, the crypto asset is liquidated at the moment the payment is made.

As a result, each transaction terminates the participation of the crypto asset in economic circulation rather than extending it.

From Nostro's perspective, this mechanism is one of the reasons cryptocurrencies have failed to become fully functional media of exchange in the real economy.

The Nostro architecture is built on a different principle.

Once funds have been converted into N-Token, subsequent transactions are conducted directly in N-Token.

When a good or service is purchased, value is transferred from the buyer's account to the seller's account within the system without requiring mandatory conversion into fiat currency.

From the perspective of the payment infrastructure, such a transaction may appear indistinguishable from a standard confirmed payment.

However, unlike most existing solutions, the payment asset is not liquidated at the point of payment and does not leave the system.



The recipient receives N-Token into their account and can use it for subsequent transactions within the Nostro ecosystem.

As a result, value is preserved within the economic ecosystem and continues to circulate.

Accordingly, N-Token serves not only as a payment instrument, but also as a mechanism for continuous monetary circulation, a prerequisite for the formation of a fully functioning economy built on top of cryptocurrency liquidity.

3.4. The role of N-Coin

If N-Token is the payment instrument of the system, then N-Coin is its foundational infrastructure component.

N-Coin is not intended to facilitate most day-to-day payments. Its purpose is to provide system liquidity, determine the transaction-processing capacity of the payment ecosystem, and support the underlying economic infrastructure of Nostro.

Within the project's architecture, N-Coin represents business turnover over a given period of time.

It is through N-Coin that the volume of payment activity a system participant is capable of supporting is determined.

3.4.1. Liquidity function

The quantity of N-Coin held by a participant determines the maximum volume of N-Token that can be simultaneously supported through that participant.

For businesses, this means that their ability to accept payments is directly linked to the amount of system capacity available to them.

The greater the volume of N-Coin, the greater the volume of payment activity a business is capable of supporting.

Accordingly, N-Coin functions not as a payment instrument, but as a carrier of liquidity and payment capacity within the system.

If N-Token answers the question of which instrument is used to make a payment, N-Coin answers the question of how much payment activity the system is capable of supporting.



3.4.2. Collateral function

In addition to providing liquidity, N-Coin serves as the collateral layer of the payment ecosystem.

The volume of N-Token in circulation is always linked to the volume of available liquidity represented by N-Coin.

As a result, the payment instrument and the collateral asset exist as separate components and do not compete with one another in performing different economic functions.

This separation avoids the conflict that arises when a single asset is expected to serve both payment and investment purposes.

N-Token is responsible for the circulation of value.

N-Coin is responsible for supporting that circulation.

3.4.3. Long-term participation function

As the number of users, businesses, and financial institutions grows, so does the demand for the system's payment capacity.

Because N-Coin provides that capacity, the use of Nostro's infrastructure creates additional demand for the use of N-Coin within the system.

Accordingly, the role of N-Coin is tied directly to the volume of economic activity processed through the Nostro infrastructure rather than to speculative activity.

The greater the volume of transactions handled by the system, the greater the payment capacity required by its participants.

3.4.4. Payment capacity provision function

Ownership of N-Coin is not the only way to gain access to the system's payment capacity.

Participants may make their available capacity accessible to other participants under the terms defined by the Nostro architecture.

Importantly, the N-Coin itself is not transferred to the other party.



To provide capacity, the N-Coin is temporarily locked within the system while ownership remains with the original holder.

As a result, a business can begin accepting N-Token without having to acquire the full amount of payment capacity required for its operations.

At the same time, N-Coin holders are able to participate in supporting the system's payment infrastructure and receive the compensation provided by the system for making such capacity available.

3.4.5. Market value and price floor

N-Coin possesses two distinct pricing characteristics.

The first is its nominal value, which is determined by the architecture of the system and its liquidity-support mechanism.

The second is its market value, which is determined by supply and demand.

At the same time, the system architecture includes a redemption mechanism for N-Coin in circulation, under which the asset's price cannot fall below its nominal value, less the applicable exit fee from the system.

As a result, the market price is formed above an existing price floor.

The mechanisms governing both nominal value and market value are examined in detail in the following sections.

3.4.6. Direct settlement capability

Although N-Coin is not the system's primary payment instrument, its use for settlement is not restricted.

Any participant may transfer and receive N-Coin directly.

Where both parties agree, transactions may be conducted directly in N-Coin.

However, the project does not view this as the primary use case.

From the perspective of the Nostro architecture, using N-Coin for everyday transactions is comparable to using a reserve asset for routine economic activity.



Historically, gold played a similar role in settlements between central banks.

While settlement using a reserve asset is possible, the bulk of economic activity is typically conducted through specialized payment instruments.

For this reason, mass-market transactions within the system are centered on N-Token, while N-Coin serves as the system's liquidity, collateral, and payment infrastructure support layer.

3.5. The role of Wrapped N-Coin

If N-Token provides payment circulation within the system and N-Coin provides payment capacity and liquidity, then Wrapped N-Coin serves a different purpose.

Wrapped N-Coin is designed to integrate the Nostro economy with external blockchain networks.

Its purpose is neither to facilitate internal settlements nor to bring liquidity into the system.

Liquidity can enter Nostro through conventional cryptocurrency accounts, custodial infrastructure, and the subsequent conversion of crypto assets into N-Token.

Wrapped N-Coin serves a different function. It enables the economic instruments of Nostro to exist and be utilized beyond the boundaries of the system itself.

3.5.1. Integration with external blockchain networks

Most financial systems are closed environments. Their instruments function exclusively within their own infrastructure. The Nostro architecture is built on a different approach.

Wrapped N-Coin provides compatibility between the Nostro economy and existing blockchain networks and cryptocurrency infrastructure.

As a result, market participants can utilize an instrument linked to the Nostro system without leaving the familiar environment of cryptocurrency wallets, exchanges, DeFi protocols, and other blockchain-based applications.

From the user's perspective, this means that participation in the Nostro economy does not require abandoning existing cryptocurrency infrastructure.



3.5.2. Capital movement between ecosystems

Today's financial landscape is effectively divided into two separate domains. On one side is the crypto economy. On the other is the traditional financial system. Moving between them typically requires selling crypto assets, withdrawing funds, and subsequently re-entering the market.

Wrapped N-Coin enables participants to move capital between these ecosystems without having to fully exit one environment in order to access the other.

As a result, users gain the ability to maintain a presence within the cryptocurrency ecosystem while simultaneously benefiting from a regulated financial infrastructure.

From the project's perspective, this eliminates the need to choose between the two worlds and creates a unified environment for capital movement.

3.5.3. Expansion of the Nostro economy beyond the system

The primary purpose of Wrapped N-Coin is not to facilitate the entry of capital into Nostro, but to extend the Nostro economy beyond the boundaries of the system itself.

Conventional stablecoins represent a digital form of a particular currency and are used primarily as a store of value or as a settlement instrument within the cryptocurrency ecosystem.

Wrapped N-Coin serves a broader function.

It enables participants in external blockchain networks to interact with the Nostro economic model without the need to remain continuously within the system itself.

Accordingly, Wrapped N-Coin is not merely a blockchain-based representation of value, but an instrument that connects the Nostro infrastructure with the broader global cryptocurrency ecosystem.

3.5.4. Return to the regulated environment

The Wrapped N-Coin architecture provides for conversion back into the internal N-Coin. As a result, participants can move the asset freely between external blockchain networks and the Nostro infrastructure.

At the same time, the presence of the asset on an external network does not automatically grant access to the regulated environment of the system.



Re-entry into the Nostro infrastructure is subject to applicable customer identification procedures, AML requirements, and other regulatory obligations.

Accordingly, Wrapped N-Coin combines compatibility with cryptocurrency infrastructure and the ability to subsequently access and utilize a regulated financial environment.

3.6. The system's interest model

One of the key elements of the Nostro architecture is its interest model.

Unlike most cryptocurrency projects, interest income within the system is not generated through the issuance of new tokens, participant subsidies, or the redistribution of funds among asset holders.

The Nostro interest model is based on the utilization of the system's payment capacity by participants who require additional liquidity to conduct economic activity.

Accordingly, the source of interest payments is not the issuance of new assets, but the economic activity taking place within the Nostro infrastructure.

3.6.1. Source of interest income

Within the Nostro architecture, the ability to support payment activity is determined by the amount of available payment capacity provided by N-Coin.

Not all participants possess a sufficient volume of N-Coin to support their operational requirements. Accordingly, participants that require additional payment capacity may gain access to it under the terms defined by the system.

Compensation for providing such capacity forms the foundation of the Nostro interest model.

As a result, the source of interest income is not the issuance of new assets and not the redistribution of capital among token holders, but demand for the use of the system's infrastructure.

In this context, interest represents the price paid for access to payment capacity.

3.6.2. Distribution of returns

The Nostro interest model operates through two levels of rates.



The first level is the Nostro Funds Rate (NFR), the minimum coin leasing rate established by Nostro.

The second level consists of Commercial Funds Rates (CFRs), independently determined by participants providing payment capacity.

As a result, a competitive market for payment capacity emerges within the system.

Participants requiring additional liquidity gain the ability to choose the most suitable terms from among the available offerings.

Accordingly, rates are determined not through administrative decisions made by the system, but through the interaction of supply and demand among participants.

3.6.3. Economic incentives of participants

The interest model creates incentives for all major participants within the ecosystem.

Businesses gain the ability to expand the volume of payment activity they can support without having to acquire the full amount of N-Coin capacity upfront.

Participants with unused payment capacity can make that capacity available to other participants under the terms provided by the system.

As a result, payment capacity is allocated to where it can be utilized most effectively.

From the project's perspective, this serves two purposes.

First, it lowers the barrier to entry for businesses and accelerates the growth of the economic network.

Second, it promotes more efficient utilization of liquidity within the system.

Accordingly, the Nostro interest model serves not only as a participant compensation mechanism, but also as a mechanism for allocating payment capacity across different segments of the system's economy.

3.7. Why functions are separated across multiple instruments

After examining the roles of N-Token, N-Coin, Wrapped N-Coin, and the interest model, it becomes possible to address a question that lies at the core of the entire Nostro architecture.



Why does the system use multiple interconnected instruments instead of a single universal asset?

From the project's perspective, the reason is that different monetary and economic functions impose different, and often conflicting, requirements on an asset.

It is precisely the attempt to combine these functions within a single instrument that Nostro views as one of the reasons why existing cryptocurrencies have achieved only limited adoption in the real economy.

3.7.1. Limitations of a universal asset

For an asset to function as a payment instrument, it must provide stability, predictability, and ease of use in circulation.

As a store of value, however, market participants are incentivized to hold the asset and benefit from its long-term ownership.

Providing liquidity requires a mechanism for allocating payment capacity among participants within the system.

Integration with external blockchain networks requires compatibility with existing cryptocurrency infrastructure.

Attempting to combine all of these functions within a single asset creates inherent internal contradictions.

The same instrument becomes simultaneously responsible for payments, value accumulation, liquidity provision, and interaction with external markets.

As a result, none of these functions is performed in an optimal manner.

From the project's perspective, this is precisely the challenge that many existing cryptocurrencies and stablecoins have encountered.

3.7.2. The Nostro approach

The Nostro architecture is built on the principle of functional separation.

Each instrument within the system is designed to perform a specific set of functions.



N-Token performs payment functions and serves as the primary settlement instrument within the system.

N-Coin provides payment capacity, liquidity, and support for the economic infrastructure.

Wrapped N-Coin ensures compatibility between the Nostro economy and external blockchain networks.

The interest model provides a mechanism for allocating payment capacity among participants within the system.

As a result, different economic functions do not compete within a single asset, but are distributed across specialized components of the architecture.

3.7.3. Practical outcomes of functional separation

From the project's perspective, this separation allows each instrument to fulfill its own role without having to satisfy the conflicting requirements of different market participants simultaneously.

The payment instrument can be optimized for circulation.

The collateral instrument can be optimized for providing payment capacity.

The integration instrument can be optimized for interaction with external cryptocurrency infrastructure.

As a result, the system is built not around a single universal asset, but around a set of interconnected instruments that collectively form a unified financial infrastructure.

This logic lies at the core of the Nostro architecture and represents one of the project's fundamental distinctions from most existing cryptocurrency and stablecoin models.

3.8. Liquidity and collateral mechanics

After describing N-Token, N-Coin, Wrapped N-Coin, and the interest model, it is necessary to examine separately the question of liquidity and obligation coverage.

This is important because a significant portion of the criticism directed at the project is based on the assumption that Nostro represents yet another cryptocurrency system with opaque backing and dependence on market conditions.



The project architecture is built on a different logic.

System liquidity is derived from reserves, the payment capacity provided by N-Coin, the economic activity of participants, and the circulation mechanism of N-Token.

The coverage of obligations does not depend on a continuous inflow of new participants or on rising cryptocurrency prices.

3.8.1. Sources of liquidity

Several independent sources of liquidity exist within the Nostro system.

The first source is fiat funds received through the issuance of N-Token and the acquisition of N-Coin. These funds form the system's reserve base and provide participants with the ability to exit into fiat currency.

The second source is crypto assets deposited into Nostro cryptocurrency accounts. Following conversion, these assets are sold on the market, and the proceeds are used to issue N-Token. As a result, the volatility of the underlying crypto asset ceases to affect the payment layer once the conversion has taken place.

The third source is the payment capacity provided by N-Coin.

It is this capacity that determines the volume of payment activity each participant is able to support within the system.

The fourth source is the mechanism for providing payment capacity between participants. Unused capacity does not remain idle but can be reallocated to participants that require additional capacity to support payment activity.

3.8.2. Obligation coverage mechanics

The Nostro architecture relies on different coverage mechanisms for different instruments within the system.

N-Token is a euro-pegged payment instrument. Upon exiting the system, N-Token is redeemed for fiat currency and subsequently destroyed. This eliminates the possibility of outstanding uncovered obligations remaining after redemption.

N-Coin serves a different function. When redeemed, it is not destroyed but returned to the system's balance. As a result, the collateral asset remains within the infrastructure, allowing the



system to reuse previously established payment capacity. This distinguishes N-Coin from payment instruments that cease to exist once the associated obligation has been settled.

At the same time, N-Coin can circulate freely on the secondary market and may be traded by participants at any price determined by supply and demand.

However, selling N-Coin below its nominal value minus the fiat exit fee is economically irrational, since a participant can at any time sell N-Coin back to Nostro at its nominal value less the applicable fixed fee.

Conversely, Nostro itself cannot sell N-Coin below its nominal value. This restriction is embedded in the architecture of the model and prevents the issuer from artificially depressing the price of the collateral instrument.

As a result, a mechanism is created under which the market price of N-Coin may exceed its nominal value, but lacks a sustainable economic basis for falling below nominal value minus the fiat exit fee.

Obligations to participants decrease simultaneously with the reduction in the quantity of assets held outside the system.

As a result, the exit mechanism does not create an accumulation of uncovered claims.

3.8.3. System resilience at scale

The growth of the system does not require changes to its underlying operating logic.

An increase in the number of users leads to greater circulation of N-Token. An increase in payment activity leads to greater demand for payment capacity.

Growing demand for payment capacity is accommodated through N-Coin and the interest model.

Each component of the system scales within its own function.

The payment instrument is responsible for payments. The collateral instrument is responsible for capacity. The interest model is responsible for liquidity allocation.

As a result, increasing the scale of the system does not require changes to its fundamental architecture.



3.8.4. System resilience during periods of reduced economic activity

A decline in economic activity has the opposite effect on the system.

Payment activity decreases. Demand for payment capacity declines. The volume of transactions within the system is reduced.

However, these processes do not automatically result in a loss of coverage.

The system's reserves do not depend on the velocity of N-Token circulation. Obligations decrease as participants exit the system.

Accordingly, a decline in activity may affect the economics of participation for some market participants, but it does not create a mechanism for the automatic collapse of the infrastructure as a whole.

The Nostro architecture does not require continuous growth to maintain the system's solvency.

3.8.5. System resilience during cryptocurrency market growth and decline

One of the most common misconceptions is the assumption that the Nostro economy is directly dependent on cryptocurrency prices.

In practice, this is not the case.

Once a crypto asset has been converted into N-Token, the payment layer operates within a euro-denominated environment. Any subsequent increase or decrease in the value of the original crypto asset has no effect on N-Token already in circulation.

Growth in the cryptocurrency market may increase capital inflows into the system. A market downturn may reduce them.

However, both processes affect the volume of incoming capital rather than the system's ability to fulfill its existing obligations.

Accordingly, cryptocurrency market volatility may influence the system's rate of growth, but it does not determine its solvency.

3.8.6. System resilience to changes in the value of reserve assets

In the model under consideration, the reserve base consists of funds held in euros.



Accordingly, the value of the reserves does not depend on fluctuations in the stock market, cryptocurrency markets, or the prices of other financial assets.

One euro of reserves remains one euro of reserves regardless of conditions in external markets.

This means that changes in the prices of equities, bonds, real estate, or cryptocurrencies do not directly affect the system's ability to meet its obligations to N-Token holders.

Under this model, the resilience of the system is determined by the quality of reserve management and compliance with regulatory requirements, rather than by the market value of an investment portfolio.

3.8.7. System resilience during mass participant exits

One of the most common arguments raised against any financial system is the scenario of a mass participant exit.

Such a scenario is of particular analytical importance because it is precisely under these conditions that the actual properties of an obligation coverage architecture become visible.

In the Nostro model, a mass participant exit results in a simultaneous reduction of both the system's assets and its obligations.

Upon exit, N-Token is redeemed for fiat currency and destroyed. Upon exit, N-Coin is repurchased by the system and returned to its balance.

In both cases, participants' claims against the system decrease simultaneously with the reduction in the number of instruments in circulation.

As a result, a mass participant exit does not create an additional layer of uncovered obligations.

On the contrary, as the number of external holders declines, the system's total obligations to those holders decline as well.

Accordingly, a mass participant exit may reduce the scale of the system, but does not in itself create a mechanism for the automatic loss of solvency.

It should be noted separately that the analysis presented above considers a conservative scenario and does not take into account the impact of the N-Coin distribution mechanism.



This mechanism exists and forms part of the project architecture. However, it was not presented on the Nostro website and therefore could not have been analyzed by the author.

For this reason, issues related to N-Coin distribution, the level of competition for its acquisition, and the influence of these factors on participant behavior have been intentionally excluded from the scope of this document.

Accordingly, the assessment of system resilience during a mass participant exit presented above is based exclusively on publicly available materials and does not rely on additional architectural mechanisms that may also influence supply and demand dynamics within the system.

3.8.8. Liquidity elasticity and the distinction from conventional stablecoins

The analysis states, with reference to the BIS framework:

"A monetary system remains flexible when it can expand and contract liquidity in line with the needs of the economy. Stablecoins operate differently. They require pre-funding. As a result, such a system does not scale effectively as infrastructure for an economy with more elastic business liquidity requirements."

This argument is valid with respect to most existing stablecoins.

Under the conventional model, each unit of liquidity must be pre-funded and allocated to specific participants within the system. As a result, liquidity becomes tightly linked to the initial distribution of assets.

However, the Nostro architecture is not limited to a model based solely on holding pre-allocated payment funds.

In addition to reserves, the system includes a mechanism for reallocating payment capacity among participants through N-Coin and the interest model.

As a result, a participant's ability to support payment activity is determined not only by the amount of its own funds, but also by the amount of payment capacity available for reallocation in response to current demand.

Accordingly, for Nostro, the relevant question is not only the size of reserves, but also the efficiency with which existing payment capacity is allocated among economic participants.



For this reason, criticism directed at conventional fully funded stablecoins cannot automatically be applied to the Nostro architecture.

To apply this argument to Nostro, it would be necessary to demonstrate that the payment-capacity reallocation mechanism is incapable of providing the degree of liquidity flexibility required by the economy.

No such demonstration is provided in the analysis.

3.9. Why Nostro is not just another stablecoin

A significant portion of the criticism directed at the project is based on the assumption that Nostro represents either another variation of a stablecoin or a minor modification of existing solutions.

To evaluate this hypothesis properly, it is necessary to examine separately the differences between Nostro and three closely related categories of financial instruments: conventional stablecoins, tokenized deposits, and existing cryptocurrency payment solutions.

Only through such a comparison is it possible to determine whether Nostro is merely another variation of existing models or whether it offers a fundamentally different architecture for integrating the crypto economy with the real economy.

3.9.1. Differences from conventional stablecoins

One of the most common conclusions reached upon first encountering the project is the assumption that Nostro is simply another stablecoin with additional features.

At first glance, such a comparison may appear reasonable.

Like many stablecoins, N-Token is pegged to a fiat currency and is used as a payment instrument. The system also includes reserves, conversion between crypto assets and fiat funds, and the use of blockchain technology.

However, this is essentially where the similarity ends.

The author of the analysis writes:

"Stablecoins exist primarily not as standalone payment instruments for purchasing goods and services, but as settlement assets within the crypto ecosystem itself. That was the original purpose for which they were created as a foundational asset."



This observation is difficult to dispute.

Indeed, it is one of the core premises upon which the Nostro project is built.

If existing stablecoins had already solved the problem of integrating cryptocurrencies into the real economy, there would be no need for a project such as Nostro.

A conventional stablecoin is a digital representation of an existing currency. Its primary purpose is to store value and facilitate the transfer of funds between market participants.

The architecture of most stablecoins is built around a single asset that simultaneously performs the functions of value storage, settlement, and circulation. The entire economic model of the system is organized around that asset.

The Nostro model follows a different approach. N-Token is not the central economic asset of the system. It performs a payment function only.

The functions of liquidity provision, payment-capacity support, and long-term participation in the infrastructure are assigned to a separate instrument, N-Coin.

Accordingly, the Nostro architecture is built from the outset on the separation of economic functions across different components of the system.

This is the first fundamental distinction from conventional stablecoins.

The second distinction relates to the nature of the infrastructure itself.

Most existing stablecoins are standalone digital assets that can be used within various financial applications. The stablecoin itself does not create a complete financial environment. It is merely one component of that environment.

Nostro, by contrast, treats N-Token as part of a broader regulated infrastructure that includes bank accounts, KYC and AML procedures, reserve-management mechanisms, payment capacity, integration with the traditional financial system, and a separate mechanism for regulating circulation through N-Coin.

Accordingly, the objective of the project is not the issuance of a new digital asset, but the creation of a financial infrastructure within which that asset is used.

The third distinction relates to the economic logic of circulation.



In the conventional model, the stablecoin itself is the end product. Users acquire the stablecoin and use it directly as a store of value or a settlement instrument.

Within the Nostro architecture, N-Token is only one component of a broader economic environment.

The system's independent value lies in its ability to integrate cryptocurrency liquidity into a regulated commercial environment and to support the continuous circulation of value within that environment.

In other words, a stablecoin is the product. In the Nostro model, the payment instrument is part of the infrastructure.

Finally, most existing stablecoins do not address the separation of payment and investment functions.

The same asset is used both to store capital and to conduct transactions.

The Nostro project is based on the assumption that this combination of functions is one of the factors limiting the use of such instruments as fully functional money for the real economy.

For this reason, the architecture is designed from the outset around the separation of these roles across different instruments.

Accordingly, the similarity between Nostro and stablecoins is limited to the existence of a euro-denominated payment instrument.

At the level of architecture, functional allocation, economic logic, and system objectives, Nostro represents a substantially broader infrastructure model than a conventional stablecoin.

3.9.2. Differences from tokenized deposits

The analysis repeatedly advances the idea that the future of digital money lies not in stablecoins, but in tokenized commercial bank deposits and other forms of digital representation of existing monetary claims.

This argument deserves separate consideration, as tokenized deposits are indeed among the most widely discussed models for the future development of financial infrastructure.

However, even if tokenized deposits achieve widespread adoption, the question of Nostro's role does not disappear.



The reason is that tokenized deposits and Nostro address different problems.

A tokenized deposit is a digital representation of an existing bank liability. Economically, it remains a bank deposit. What changes is the method by which the claim is recorded and transferred, not the underlying logic of the financial system itself. The primary purpose of a tokenized deposit is to improve settlement efficiency, automate operations, and leverage the benefits of programmable infrastructure.

The objective of the Nostro model is different.

The project does not seek to create a new form of bank deposit.

Instead, it seeks to create an infrastructure layer capable of connecting cryptocurrency liquidity, business payments, and a regulated banking environment within a single economic framework.

In other words, a tokenized deposit answers the question: *how can existing bank money be made digital?*

Nostro attempts to answer a different question: *how can the use of crypto assets in the real economy become comparable to the use of bank money in terms of convenience, legal certainty, and accounting transparency?*

These are different problems and different directions in the evolution of financial infrastructure.

Moreover, tokenized deposits do not automatically eliminate most of the barriers associated with the business use of crypto assets. Even if a bank deposit exists in tokenized form, that alone does not make Bitcoin, Ethereum, or other crypto assets convenient instruments for commercial payments.

The challenge of integrating the crypto economy with the real economy remains a separate problem.

For this reason, the widespread adoption of tokenized deposits does not invalidate the Nostro hypothesis.

On the contrary, both approaches can develop in parallel and complement one another.

Tokenized deposits address the digitalization of the existing monetary system. Nostro seeks to address the integration of the existing crypto economy into regulated commercial activity.



Finally, the project architecture contemplates the possibility of multiple banks issuing digital assets within a shared infrastructure environment. This means that the logic of Nostro is not incompatible with the emergence of tokenized deposits and other forms of digital monetary claims. On the contrary, such instruments could potentially utilize the same infrastructure environment for circulation and settlement.

Accordingly, comparing Nostro to tokenized deposits is not a comparison between competing solutions to the same problem.

Tokenized deposits address the digitalization of existing bank money. Nostro addresses the integration of the crypto economy and the real economy.

Therefore, even the successful adoption of tokenized deposits would not, by itself, eliminate the need to explore solutions to the class of problems that the Nostro project seeks to address.

3.9.3. Differences from existing cryptocurrency payment solutions

The question of existing cryptocurrency payment services also deserves separate consideration.

At first glance, it may appear that such solutions already solve the problem of cryptocurrency acceptance by businesses and therefore render the Nostro project unnecessary.

However, such a conclusion requires a more detailed analysis.

Most existing cryptocurrency payment solutions are built around the same basic model.

A payment provider accepts cryptocurrency from a customer, converts it into fiat currency, and transfers the proceeds to the merchant. In other words, cryptocurrency is used only at the point of payment. Once the transaction is completed, the system returns to the traditional fiat environment.

What exists in practice is therefore not the integration of the crypto economy into commercial activity, but a conversion mechanism between two separate financial environments.

As a result, businesses continue to operate primarily within fiat-based infrastructure.

The author of the analysis himself points to an important observation: "Stablecoins exist primarily not as standalone payment instruments for purchasing goods and services, but as settlement assets within the crypto ecosystem itself. That was the original purpose for which they were created as a foundational asset."



It is precisely this disconnect between the crypto economy and commercial activity that the Nostro project seeks to address.

The objective of the system is not to simplify one-time conversion from cryptocurrency into fiat currency.

Its objective is to create an infrastructure within which businesses can receive, hold, account for, and use digital assets inside a single regulated environment.

In the conventional cryptocurrency payment-provider model, cryptocurrency typically remains an external asset. It serves as the source of payment and then exits the company's operating environment.

Within the Nostro architecture, value is intended to continue circulating inside the system without requiring a return to traditional payment mechanisms after each transaction.

Another distinction relates to the economic model.

Most existing cryptocurrency payment solutions generate revenue through payment-processing fees, currency conversion fees, or settlement fees. Payment activity itself constitutes the primary source of revenue.

In the Nostro model, the payment function is viewed as one component of a broader infrastructure architecture.

The economics of the system are built not only around the execution of payments, but also around the mechanisms that support circulation, regulate payment capacity, and sustain the operation of the internal economic environment.

Finally, most existing cryptocurrency payment solutions do not attempt to change the economic role of cryptocurrency itself. They are based on the assumption that cryptocurrency will remain an external asset periodically converted into fiat currency for spending purposes.

Nostro is based on a different hypothesis.

The project assumes that, given an appropriate regulated infrastructure, a portion of economic activity can take place within a digital economic environment without requiring a constant return to traditional settlement mechanisms.

This hypothesis may ultimately prove correct or incorrect. However, it is precisely this hypothesis that distinguishes the project from existing cryptocurrency payment services.



Accordingly, comparing Nostro to existing cryptocurrency payment solutions is not a comparison of identical products.

Most existing services address the problem of convenient cryptocurrency-to-fiat conversion.

Nostro seeks to address the problem of creating a regulated infrastructure within which the crypto economy and the real economy can operate as a single commercial environment.

Chapter 4. Response to the key claims presented in the analysis

This chapter addresses the key claims presented in the analysis directly.

The format is deliberately simple: the author's claim, a brief quotation, the Nostro response, and a conclusion.

We will not repeat the full description of the project architecture, as it has already been presented in the preceding chapters. The purpose of this chapter is different: to determine whether the individual arguments presented in the analysis actually refute the Nostro project.

In some cases, the criticism identifies genuine risks. We acknowledge those risks. In other cases, the criticism is directed not at Nostro itself, but at existing cryptocurrencies, stablecoins, or the general risks associated with infrastructure projects. In still other cases, the underlying observation is valid, but the conclusion drawn from it does not follow.

This is what the following sections seek to demonstrate.

The central question of this chapter is straightforward: does the analysis demonstrate that Nostro is not viable, or does it merely highlight the project's complexity, risks, and the need for further validation?

Our conclusion is that the analysis demonstrates the high complexity of the project, but it does not demonstrate that the model itself is impossible.

4.1. The "\$3.5 trillion outside the economy" claim

Position of the Author of the Analysis

The author writes:



“The market capitalization of crypto assets is not equivalent to capital that is somehow ‘sitting outside the real economy’ and can supposedly be brought back into economic circulation.”

The author also notes:

“In reality, a \$3.5 trillion market capitalization reflects several things: speculative holding, expectations of future price appreciation, the use of assets as collateral, and participation in decentralized yield-generating protocols. It does not imply the existence of corresponding demand to pay for goods and services with those assets.”

Response

The first part of the claim is reasonable.

Market capitalization is indeed not equivalent to the amount of liquid capital that can immediately flow into consumption, corporate payments, or commercial activity.

However, the analysis then proceeds to refute a claim that Nostro does not make. Nostro does not argue that the entire crypto market capitalization represents freely available liquidity. Nostro does not argue that all crypto asset holders are willing to spend their assets on goods and services. Nostro does not argue that \$3.5 trillion can be instantly deployed into the real economy.

The Nostro thesis is different.

The \$3.5 trillion figure represents the scale of digital value that already exists, is already held by millions of participants, and is already supported by exchanges, DeFi protocols, custodians, and stablecoins, yet remains largely disconnected from payment and commercial infrastructure in the real economy.

This is not a thesis about immediate liquidity. It is a thesis about structural inefficiency.

The crypto economy has created a substantial amount of value, but it has not created a widely adopted regulated layer through which that value can be safely, transparently, and conveniently utilized by businesses in real-world commerce.

And this is precisely what the author of the analysis acknowledges.

The author writes that stablecoins exist primarily as settlement assets within the crypto ecosystem rather than as standalone payment instruments for purchasing goods and services.



This is the central Nostro thesis.

The value exists. The users exist. The infrastructure within the crypto market exists. What does not exist is a mature bridge into real-world commerce.

Accordingly, the problem is not that the entire market capitalization must be converted into consumer spending.

The problem is that even a small portion of the existing crypto-based value lacks a convenient and regulated channel for everyday commercial use.

The emergence of an infrastructure market does not require the participation of the entire crypto economy. A relatively small share of the existing value is sufficient.

Moreover, Nostro's financial projections are not based on capturing a significant portion of the crypto market, but on a substantially more conservative scenario.

The project's base model is built around the issuance of €16 billion in N-Coin over five years, of which 50% remains on Nostro's balance sheet and is utilized within its internal economic architecture, as described on the website.

This corresponds to approximately 0.5% of the current crypto market.

Even this scenario is sufficient to establish the project's economic model and serves as the basis for the current projections.

These calculations do not account for the potential integration of third-party banks and financial institutions into the Nostro blockchain. They do not account for the issuance of their own crypto pairs, their customer bases, their liquidity flows, or the expansion of the system into additional currencies and jurisdictions.

For this reason, the Nostro investment thesis does not require the participation of a significant share of the entire crypto economy.

It is sufficient for a relatively small portion of existing digital value to gain access to a regulated channel of interaction with the real economy.

If the Nostro blockchain ultimately becomes infrastructure for other financial institutions, the potential scale of economic activity could be substantially greater than the project's base-case models suggest.



Conclusion

The author correctly points out that market capitalization is not equivalent to available liquidity.

However, it does not follow that the underlying economic opportunity does not exist.

The critique refutes a simplified version of the argument that Nostro does not make.

The core Nostro thesis remains unchanged: there is a structural disconnect between the scale of the crypto economy and the scale of its use in real-world commerce. The fact that \$3.5 trillion does not represent instantly deployable liquidity does not eliminate that disconnect.

On the contrary, it reinforces it. A vast amount of digital value continues to exist primarily within the crypto ecosystem itself rather than participating in the broader flow of real economic activity.

4.2. The claim that low business adoption of cryptocurrency is not an anomaly

Position of the Author of the Analysis

The author writes:

“I consider the reasoning presented to be without merit, and the claim that ‘the low level of business adoption of crypto is an anomaly’ can be explained by the rational behavior of market participants.”

Response

The author is correct on one point only: businesses do not currently adopt cryptocurrency because doing so is a rational decision.

However, the author's conclusion does not follow from that observation.

Low cryptocurrency adoption does not cease to be an anomaly simply because it can be explained rationally.

Within the Nostro framework, an anomaly does not imply irrational behavior by businesses. It refers to the disconnect between the scale of the crypto economy and its near-zero level of commercial integration.



On one side are hundreds of millions of users and trillions of dollars in digital value. On the other side are approximately 0.0045% of businesses accepting cryptocurrency.

This is not the profile of a mature market. It is the profile of a market lacking a functional commercial bridge.

The author is effectively answering the following question: *why do businesses not accept cryptocurrency today?*

Nostro addresses a different question: *what happens if the reasons businesses do not accept cryptocurrency today are removed?*

These are fundamentally different questions.

If businesses avoid cryptocurrency because of volatility, accounting complexity, compliance requirements, custody risk, tax complexity, the absence of chargeback mechanisms, poor user experience, and legal uncertainty, then the problem does not lie solely in demand.

It also lies in infrastructure.

In fact, this is precisely what the author himself implicitly confirms. He identifies the barriers to adoption, but draws the wrong conclusion from them. The existence of barriers does not demonstrate the impossibility of Nostro. It explains why Nostro is needed.

Conclusion

The rationality of businesses' current refusal to accept cryptocurrency does not disprove the anomaly.

It explains the mechanism behind it.

The author has demonstrated why the market does not function today. He has not demonstrated that the market cannot function once regulated infrastructure is introduced.

For Nostro, low business adoption of cryptocurrency is not a weakness of the thesis. It is the starting point of the investment hypothesis.

4.3. Claim that the problem with cryptocurrency does not lie in infrastructure

Position of the Author of the Analysis



The author writes:

“The low level of cryptocurrency adoption in payments is driven primarily by fundamental factors. The vast majority of crypto assets do not meet the requirements businesses have for money...”

The author argues that the low level of cryptocurrency adoption in payments is not caused by the absence of infrastructure, but by the fundamental characteristics of crypto assets themselves.

As reasons, the author states that crypto assets:

- a. “do not function as a stable unit of account”;
- b. “do not function as ... a convenient means of payment”;
- c. “do not function as ... a legally straightforward asset”;
- d. “do not function as ... a reliable treasury instrument”;
- e. “leave unresolved questions regarding settlement finality”;
- f. create counterparty and custody risks (“counterparty risk”; “The principal risk, and the primary concern for decision-makers in this process, is that one party may fulfill its side of the transaction while the other does not”);
 - create the risk that one party fails to perform its side of the transaction (“one party may fulfill its side of the transaction while the other does not”);
 - create the risk that assets become trapped with an unreliable intermediary (“the assets involved may become trapped with an unreliable intermediary”);
 - raise questions regarding the secure storage of crypto assets (“How can they be stored securely?”);
- g. create challenges related to the settlement process (“the settlement process itself”);
- h. involve depegging risk (“risks related to depegging”);
- i. increase the complexity of multi-asset treasury management (“the complexity of managing multi-asset treasury operations”);
- j. require accounting treatment of different tokens (“the accounting treatment of tokens”);
- k. require accounting treatment of different networks (“the accounting treatment of ... networks”);
- l. require accounting treatment of transaction fees (“the accounting treatment of ... transaction fees”);
- m. require “controls over wallet access”;



- n. are less practical than traditional fiat accounting (“maintaining a straightforward fiat-based accounting framework is significantly simpler”);
- o. raise questions regarding asset insurance (“And is there insurance coverage?”).

Response

This claim is one of the central arguments of the analysis.

The author attempts to demonstrate that the low level of cryptocurrency adoption among businesses is driven by the fundamental characteristics of crypto assets themselves, rather than by the absence of suitable infrastructure.

However, the very list of problems cited by the author suggests the opposite.

Most of the limitations identified are not fundamental characteristics of digital assets as an asset class. They are problems arising from the current market architecture, in which businesses are forced to operate with volatile assets, fragmented networks, external wallets, unregulated intermediaries, unclear accounting treatment, and a lack of banking-grade service infrastructure.

It is precisely this architecture that Nostro seeks to change.

a. Stable unit of account

The author claims that crypto assets do not constitute a stable unit of account.

For most cryptocurrencies, this is correct. BTC, ETH, SOL, and other market-traded crypto assets are not suitable as a unit of account for businesses because their value fluctuates continuously. However, Nostro does not propose that businesses maintain their accounting records in BTC, ETH, or any other volatile asset.

Settlements are conducted using the Nostro Token, which is pegged to the euro at a 1:1 ratio.

As a result, businesses are not dealing with a floating cryptocurrency, but with a euro-denominated digital settlement asset.

This argument is a valid criticism of existing cryptocurrencies, but it does not invalidate the Nostro model.

b. Convenient means of payment

The author claims that crypto assets are not a convenient means of payment.



This can also be accepted as true in the context of the current market.

Today, a crypto payment often requires a wallet, a blockchain address, network selection, fee management, confirmation waiting times, and an understanding of technical details.

Nostro removes these frictions through a banking-style payment interface.

The user interacts with an account, a payment card, a verified recipient, and a familiar payment experience. The blockchain remains within the infrastructure rather than being pushed onto the user.

Accordingly, payment inconvenience is not a fundamental characteristic of digital assets. It is a problem of user interface design, the payment layer, and the underlying infrastructure.

c. Legally straightforward asset

The author claims that crypto assets are not legally straightforward assets. For a significant portion of today's crypto market, this is a fair observation.

However, this argument does not invalidate the Nostro model.

On the contrary, if the lack of legal certainty is indeed one of the key barriers preventing businesses from adopting crypto assets, then this is not evidence that the model is unworkable. It is a description of a requirement that such a model must satisfy.

For this reason, Nostro is not being designed as an unregulated crypto product. It is being designed from the outset as a licensed financial infrastructure with KYC, AML, licensed operations, and compliance with applicable regulatory requirements.

To support his conclusion, the author would need to demonstrate that legal certainty is fundamentally unattainable for systems of this kind. No such evidence is presented in the analysis.

Accordingly, the author is not describing a fundamental limitation of digital assets. He is describing an infrastructure problem that a regulated financial architecture is intended to solve.

Nostro does not seek to bypass regulation. Nostro makes regulation part of the product.

d. Reliable treasury instrument

The author claims that crypto assets are not reliable treasury instruments.



For most existing cryptocurrencies, this assertion is valid.

Corporate treasury functions are generally not interested in assets that are highly volatile, require continuous revaluation, complicate financial reporting, and can materially alter the value of a balance sheet over short periods of time.

However, it does not follow that every digital asset automatically suffers from the same limitations.

Within the Nostro model, it is necessary to distinguish between the functions of N-Token and N-Coin.

N-Token serves as a settlement asset and is pegged to the euro at a 1:1 ratio. Its purpose is to facilitate payment flows within the system. N-Coin serves a different function. It provides access to the economic activity of the system and participates in the allocation of transactional capacity.

The author may reasonably point out that N-Coin is also carried on an organization's balance sheet and, unlike N-Token, may require revaluation as its market value changes.

However, the mere presence of an asset with a fluctuating market value on a balance sheet does not, in itself, demonstrate that the asset is unsuitable for corporate treasury management.

Corporate balance sheets routinely contain equities, bonds, investment funds, precious metals, real estate, and other assets whose value may change over time.

Accordingly, the mere fact that an asset requires accounting treatment or periodic revaluation does not justify the conclusion that it is unsuitable for use in corporate finance.

To support such a conclusion, it would be necessary to demonstrate that the risks associated with the asset outweigh the economic value it creates or make its use less efficient than available alternatives.

No such comparison is provided in the analysis.

Accordingly, this claim may demonstrate that N-Coin is not money in the classical sense and may require separate balance-sheet treatment.

However, it does not, by itself, demonstrate that N-Coin is an unsuitable corporate treasury instrument or that its use is economically unjustifiable.



e. Settlement finality

The author points to the issue of settlement finality.

This is indeed a critical requirement for businesses.

A company must understand when a payment is considered final, who bears the risk of failure, how a transaction is recorded, and what happens in the event of an error.

However, the mere existence of this issue does not demonstrate that the model is unworkable.

To support such a conclusion, it would be necessary to demonstrate that business requirements for settlement finality are fundamentally incompatible with the architecture of digital payments.

No such evidence is presented in the analysis.

Accordingly, this claim highlights an important infrastructure requirement, but it does not, by itself, constitute evidence that digital settlement systems are unworkable.

f. Counterparty and custody risks

The author points to a group of interconnected risks:

- the risk that the counterparty fails to perform its obligations;
- the risk of an unknown or unreliable counterparty;
- the risk of assets becoming trapped with an intermediary;
- the risk of insecure custody of digital assets.

These risks are indeed among the primary barriers to business adoption of crypto assets. However, none of them is an inherent characteristic of digital assets as an asset class.

All of these risks arise at the level of transaction execution, asset custody, participant identification, and settlement infrastructure.

In essence, the author describes a situation in which a business does not know:

- who is on the other side of the transaction;
- who bears responsibility if a problem occurs;
- where the assets are actually held;
- how participants' rights are protected;
- how disputes are resolved.



However, these are questions of financial infrastructure, not of the nature of digital assets themselves.

Within Nostro's regulated environment, participants undergo KYC and AML procedures, transactions are conducted through identified accounts, and a unified framework governs servicing, accounting, and access control.

Accordingly, these risks are mitigated not through declarations, but through system architecture: participant identification, transaction auditing, regulated asset custody, and a clearly defined allocation of responsibility.

At the same time, it is important to note that this statement applies specifically to Nostro's regulated environment.

When Wrapped N-Coin is used on external cryptocurrency networks, many of the risks associated with the existing crypto market remain, including the risk of unknown counterparties, fraud, and counterparty non-performance.

Accordingly, Nostro does not claim to eliminate such risks across the entire crypto economy.

This is where a key contradiction in the analysis emerges.

The author argues that the problem is fundamental in nature. Yet the evidence presented consists of risks related to asset custody, transaction execution, participant identification, intermediaries, and settlement arrangements. All of these issues concern the design of financial infrastructure.

The author does not demonstrate why these infrastructure limitations are inherently irresolvable. Accordingly, the arguments presented do not support the conclusion that the problem is fundamental in nature.

On the contrary, they support the conclusion that the problem is infrastructural in nature, which is precisely the problem Nostro seeks to address.

The risks identified by the author are not evidence that digital assets are unsuitable for business use. They are a list of infrastructure requirements without which businesses will not adopt them.

g. Settlement process management

The author points to the issue of settlement management. This is a separate and important barrier.



Businesses require mechanisms for refunds, adjustments, error resolution, disputed payments, and clearly defined procedures for responding to operational failures.

Conventional crypto payments are poorly suited to these requirements because they are built around the irreversible transfer of assets between blockchain addresses.

Nostro does not eliminate transaction finality. Instead, it treats refunds and adjustments as separate operations with both legal and technical frameworks governing their execution.

This preserves the integrity and immutability of the accounting record while providing businesses with a clear and predictable settlement management process.

Accordingly, the challenge of settlement management is not solved by abandoning digital assets. It is solved through the design of an appropriate payment architecture.

h. Depeg risk

The author points to depeg risk. This is a valid criticism of many existing stablecoins.

Moreover, this risk is acknowledged by the issuers of the largest stablecoins themselves. In particular, the possibility of losing parity with the underlying fiat currency is explicitly disclosed as a risk by Tether, the issuer of USDT.

Accordingly, depeg risk is not a disputed issue in itself. However, the mere existence of depeg risk does not mean that the risk is identical across all models of digital settlement assets.

To support his conclusion, the author would need to demonstrate that depeg risk is an inherent characteristic of any system that uses a tokenized representation of fiat currency.

No such evidence is presented in the analysis.

Accordingly, this claim highlights an important architectural requirement, but it does not, by itself, constitute evidence that the model is unworkable.

Depeg risk must be evaluated in the context of a specific reserve model, issuance mechanism, redemption mechanism, circulation rules, and regulatory framework.

These are precisely the elements that form part of the Nostro architecture and must be assessed separately from the risks associated with existing stablecoins.



i. Complexity of multi-asset treasury management

The author points to the complexity of multi-asset treasury management.

This is a real challenge.

If a business accepts multiple tokens across multiple networks, incurs different transaction fees, holds different assets, and must continuously revalue them, treasury operations become significantly more complex.

Nostro does not require businesses to operate under such a model.

Within the system, commercial transactions are consolidated into a euro-pegged payment layer. External cryptocurrencies are converted into the system's settlement asset.

Accordingly, Nostro does not increase multi-asset complexity. It removes it from the business's operational layer.

j. Token accounting

The author separately points to the need for token accounting.

This argument reflects a real challenge within today's crypto market.

When dealing with digital assets, businesses must understand which asset they are accepting, what risks they are assuming, and how that asset should be reflected in financial reporting.

However, the mere fact that an asset requires accounting treatment does not demonstrate that it is unsuitable for business use. Every organization maintains records for different categories of assets, liabilities, and financial instruments.

To support his conclusion, the author would need to demonstrate that the accounting requirements associated with crypto assets make their use fundamentally impractical or economically unjustifiable compared to available alternatives.

No such evidence is presented in the analysis.

Accordingly, this claim highlights an operational, accounting, and compliance requirement, but it does not, by itself, constitute evidence that the model is unworkable.



The complexity of accounting should be assessed in the context of the specific infrastructure supporting transactions, compliance, and reporting.

It is precisely here that the distinction between the existing crypto market model and the Nostro architecture emerges.

Nostro does not eliminate the need to account for crypto assets.

Its claim is different.

The system creates a standardized and regulated transaction environment in which each transaction is accompanied by information regarding the sender, recipient, asset, amount, and timestamp required for compliance, audit, and reporting purposes.

This does not remove a business's obligation to maintain accounting records.

However, it can significantly reduce operational uncertainty compared to a model based on anonymous cryptocurrency addresses and unregulated intermediaries.

k. Network accounting

The author points to the need to account for different blockchain networks.

This is also a genuine barrier.

Different networks have different fee structures, transaction speeds, risk profiles, address formats, technical standards, and operational characteristics.

Nostro removes this layer of complexity from both the user and business experience.

The network becomes an infrastructure layer of the system rather than an operational concern for accountants, CFOs, or end users.

Businesses interact with a financial account and a settlement asset, not with a collection of blockchain networks.

l. Fee accounting

The author points to the need to account for transaction fees.

This does indeed create additional operational complexity for businesses.



Within the existing crypto infrastructure, transaction costs may depend on the network being used, blockchain congestion, the type of transaction, intermediaries, liquidity providers, and other factors.

However, the mere fact that fees must be accounted for does not demonstrate that digital assets are unsuitable for business use.

Fees exist in virtually all payment systems and financial infrastructures.

To support his conclusion, the author would need to demonstrate that the costs associated with transaction fees make the use of digital assets fundamentally impractical or economically unjustifiable compared to available alternatives.

No such evidence is presented in the analysis.

Accordingly, this claim highlights an operational requirement of payment infrastructure, but it does not, by itself, constitute evidence that the model is unworkable.

The economic impact of transaction fees should be assessed through the specific architecture of a settlement system rather than through the mere existence of a digital asset.

It is precisely here that the distinction between the existing crypto market model and the Nostro architecture emerges.

Nostro does not eliminate the need to account for transaction fees.

Its claim is different.

The economics of any payment infrastructure are determined by its own monetization model, cost allocation framework, and settlement architecture.

Accordingly, the question of transaction fees relates to the design of a specific system and should be analyzed separately from the broader question of whether digital assets can be used in business at all.

m. Wallet access controls

The author points to the complexity of controlling access to wallets. This is one of the primary barriers to corporate adoption.



Businesses require role-based permissions, access controls, account recovery mechanisms, employee oversight, audit trails, and clearly defined legal accountability.

A conventional crypto wallet is poorly suited to a corporate operating environment.

Nostro moves the management of digital assets into a banking-style account framework.

This makes it possible to build access control around a regulated account structure, security procedures, and institutional access mechanisms, rather than around a private key as the sole point of risk.

n. Advantage of simple fiat accounting

The author argues that maintaining a straightforward fiat-based accounting framework is simpler for corporate treasury functions. This is true.

And it is precisely for this reason that Nostro does not propose replacing a familiar accounting framework with a chaotic crypto-based one.

Nostro is designed as a payment system that allows businesses to operate with a euro-pegged digital asset while preserving familiar accounting and financial management practices.

In other words, Nostro does not dispute that fiat-based accounting is simpler.

It uses that fact as a foundation of its architecture.

o. Asset insurance

The author also raises the issue of insurance. This is indeed an important element of trust for institutional participants.

However, insurance exists at the level of financial and market infrastructure and is not an inherent property of a digital asset itself.

If a business asks whether an asset or transaction is insured, this reflects a requirement for infrastructure reliability, not evidence that the asset itself cannot be used.

To support his claim, the author would need to demonstrate that the absence of insurance is a fundamental and irresolvable characteristic of systems that utilize digital assets.

No such evidence is presented in the analysis.



Accordingly, this claim highlights an important institutional requirement, but it does not, by itself, constitute evidence that the model is unworkable.

It is precisely requirements of this kind that create the need for regulated financial infrastructure rather than unregulated crypto exchange environments.

Conclusion

The author attempts to demonstrate that the low level of business adoption of cryptocurrencies is driven by fundamental factors.

However, the list of barriers presented in the analysis consists largely of issues related to accounting, compliance, asset custody, transaction execution, settlement management, transaction fees, participant identification, and other elements of financial infrastructure.

These issues are not disputed. On the contrary, they largely explain why businesses today rationally avoid using cryptocurrencies in real-world commercial activity.

However, the existence of such barriers does not, by itself, support the conclusion that they are fundamental and irresolvable characteristics of all systems that utilize digital assets.

To support such a conclusion, it would be necessary to demonstrate that these limitations cannot be addressed through a different architecture for settlement, custody, accounting, compliance, and financial services.

No such evidence is presented in the analysis.

Accordingly, this claim demonstrates the existence of significant infrastructure requirements for systems of this kind, but it does not, by itself, prove that the challenges associated with cryptocurrencies are exclusively fundamental in nature.

Nostro does not claim that existing cryptocurrencies are already ready to function as money for businesses.

Its hypothesis is different.

A substantial portion of the barriers identified by the author may relate not to the nature of digital assets themselves, but to the architecture of the infrastructure through which they are used.

It is precisely this hypothesis that remains to be tested.



4.4. Claim regarding the inability of stablecoins to become money

Position of the Author of the Analysis

The author argues that stablecoins have not become money for the broader real economy.

Specifically, the author writes:

“Stablecoins exist primarily not as standalone payment instruments for purchasing goods and services, but as settlement assets within the crypto ecosystem itself. That was the original purpose for which they were created as a foundational asset. Stablecoins are used for exchange trading, arbitrage, transaction collateralization, liquidity transfers between venues, and similar activities.”

The author also notes:

“A high observed volume of stablecoin transactions does not imply a proportionally high level of demand for these instruments in the real economy.”

And further states:

“Stablecoins did not become money for the broader real economy, but for entirely different reasons.”

On this basis, the author concludes that stablecoins have failed to become fully functional money and have not solved the problem of integrating cryptocurrencies into the real economy.

Response

This claim can be accepted as valid with respect to existing stablecoins.

Stablecoins have not become fully-fledged money for the broader real economy and have not enabled the mass adoption of cryptocurrencies in commercial activity.

However, this conclusion does not contradict the Nostro hypothesis.

On the contrary, it describes the very problem on which the project is based. If the existing stablecoin model had already solved the challenge of integrating cryptocurrencies into the real economy, there would be no need for Nostro.



In fact, both the author and Nostro begin from the same observation. There is a significant gap between the scale of the crypto economy and the scale of its use in real-world commerce.

The disagreement arises at the next stage of the analysis.

The author effectively uses the failure of the existing model as an argument against an alternative model. However, there is no logical connection between these two propositions.

The fact that the current stablecoin model has not solved the problem does not imply that the problem is fundamentally unsolvable.

To support such a conclusion, it would be necessary to demonstrate that the reasons for this failure are fundamental in nature and cannot be addressed through a different architecture.

No such evidence is presented in the analysis.

Accordingly, this claim demonstrates the limitations of the existing stablecoin model, but it does not, by itself, constitute evidence that alternative approaches to integrating crypto assets into economic activity are unworkable.

Conclusion

The author correctly points out that existing stablecoins have not become fully-fledged money for the broader economy.

However, this conclusion demonstrates only the limitations of the existing model. It does not demonstrate that alternative architectures are impossible.

Accordingly, the claim that stablecoins are incapable of becoming money may be viewed as a criticism of the current solution, but not as evidence that the Nostro hypothesis is fundamentally flawed.

4.5. Claim regarding Nostro's lack of monetary properties

Position of the Author of the Analysis

The author writes:

“The conclusions drawn by the Nostro team in this regard also appear unfounded, as Nostro does not possess at least the first two core attributes of money. Instead, it merely creates a surrogate layer on top of existing monetary claims. The project materials provide no basis for



concluding that Nostro possesses the essential monetary functions of a unit of account, a store of value, or a means of payment.”

In support of this position, the author refers to the BIS criteria and points to the absence of singleness of money, elasticity, and integrity within stablecoin-based systems.

The author argues that Nostro does not possess monetary characteristics and does not satisfy the criteria that modern economic theory applies to money. Therefore, in the author's view, it cannot be regarded as a полноценная monetary system.

Additionally, the author states that no basis has been presented for treating either N-Token or N-Coin as money.

Response

This claim is based on an assumption that itself requires separate examination.

The author evaluates the monetary properties of Nostro as though the project were attempting to create a single universal digital asset capable of performing all functions of money simultaneously.

However, this is precisely the approach that the Nostro architecture rejects from the outset.

A core principle of the project is that different monetary and economic functions are assigned to different elements of the system.

Accordingly, the relevant question is not *whether a single token possesses all the properties of money*. The relevant question is *whether the Nostro architecture as a whole is capable of performing monetary functions within its own economic environment*.

These are fundamentally different questions.

Historically, money has never existed solely as a single isolated object.

A monetary system has always consisted of a combination of instruments, institutions, accounting rules, circulation mechanisms, trust mechanisms, and settlement infrastructure.

It is precisely this approach that underlies the Nostro architecture.



Monetary functions within the Nostro architecture

Within the Nostro model, different functions are allocated to different elements of the system.

N-Token serves as the payment instrument. N-Coin provides liquidity, collateralization, and transactional capacity.

The regulated environment provides participant identification, AML and KYC compliance, reserve custody, transaction accounting, and integration with the banking system.

Accordingly, the question of monetary properties should be analyzed in relation to the system as a whole rather than to any single component in isolation.

Means of payment

One of the core functions of money is its ability to serve as a means of payment.

Within the Nostro architecture, this function is performed by N-Token.

N-Token is the instrument through which payments between participants, purchases of goods and services, money transfers, and other forms of settlement are conducted within the system.

Accordingly, the payment function is present within the model. Moreover, it is the primary function of N-Token.

Unit of account

For money to perform its function, the value of goods and services must be expressed in a common unit of account.

Within the Nostro architecture, this role is performed by N-Token, which is pegged to the euro.

Goods, services, liabilities, and other economic transactions within the system are denominated in a single euro-based unit of account.

Accordingly, the unit-of-account function is also present within the model.

Medium of exchange

Money must not only be used for payment, but must also continue to circulate within the economy.



This is where Nostro introduces one of its key distinctions from most existing crypto payment solutions.

In a traditional crypto payment model, a crypto asset is typically converted into fiat currency at the moment of payment. In practice, its participation in economic activity ends at that point.

Within the Nostro model, after a payment is completed, N-Token remains within the system and can be used by the recipient for subsequent transactions.

Accordingly, the payment instrument continues to circulate rather than being continuously liquidated after each transaction.

Store of value

The author correctly points out that a monetary system must provide a store-of-value function.

However, this is where an important distinction emerges between the Nostro architecture and traditional monetary models.

Within the Nostro system, the circulation function and the store-of-value function are separated.

N-Token is designed for circulation. N-Coin is designed to support system liquidity, participate in the economics of transactional capacity, and facilitate long-term participation in the infrastructure.

The project does not claim that N-Token itself should simultaneously serve as a store of value.

On the contrary.

One of Nostro's core hypotheses is that combining payment and investment functions within a single asset creates an inherent conflict of incentives and limits that asset's ability to perform monetary functions effectively.

For this reason, these functions are allocated to different elements of the system.

Accordingly, criticism of N-Token for lacking an investment function does not constitute evidence that the Nostro architecture lacks monetary properties.

It merely demonstrates that the system's payment instrument is intentionally not designed to serve as its primary store-of-value instrument.



Singleness of money

The author argues that money must possess singleness. This principle is difficult to dispute.

However, Nostro does not introduce multiple competing payment units within the system. A single payment instrument, N-Token, is used for settlement. It is pegged to the euro and serves as the sole unit of account within the economic environment.

Accordingly, the principle of singleness of money is preserved within the system.

Moreover, it is precisely the separation of functions that avoids a situation in which the payment instrument competes with itself simultaneously as a settlement medium, an investment asset, and a liquidity instrument.

Elasticity

The author argues that stablecoin-based systems lack the elasticity required by an economy because they depend on pre-funded reserves.

This argument is valid with respect to most existing stablecoins.

However, the Nostro architecture incorporates an additional liquidity layer through N-Coin and a mechanism for allocating transactional capacity among participants.

Accordingly, the system's ability to support economic activity is determined not only by the quantity of payment instruments in circulation, but also by the mechanism through which transactional capacity is distributed within the network.

For this reason, criticism of fully collateralized stablecoins cannot automatically be extended to the Nostro architecture.

To do so, it would be necessary to demonstrate that the N-Coin mechanism and the allocation of transactional capacity are incapable of providing the required degree of liquidity flexibility.

No such evidence is presented in the analysis.

Integrity

By integrity, the author refers to a monetary system's ability to provide trust, participant identification, rule enforcement, risk controls, and protection against abuse.



This criterion represents one of the strongest criticisms of a large portion of existing cryptocurrency systems.

However, addressing precisely this problem is one of Nostro's core objectives.

The project is designed from the outset around regulated infrastructure, KYC and AML procedures, reserve custody, licensed operations, bank accounts, and identified participants.

One may debate the complexity of implementing such a model. One may debate whether the team is capable of building such an infrastructure. But those are questions of execution.

They do not constitute evidence that the architectural model itself lacks integrity.

The core error in the claim

The central weakness of this claim is that the author attempts to evaluate Nostro as a single digital asset.

However, Nostro is a system. The payment function is performed by N-Token. The liquidity function is performed by N-Coin. The trust function is provided by the regulated environment. Integration with the crypto market is provided by the system's infrastructure.

Accordingly, it is not sufficient to refute the project by showing that a particular component of the architecture does not perform all monetary functions simultaneously.

It is necessary to demonstrate that the monetary functions are not performed by the system as a whole.

No such demonstration is provided in the analysis.

Conclusion

The author correctly identifies the requirements that modern economies place on money.

However, these requirements are then applied to individual components of the architecture rather than to the system as a whole.

Nostro does not claim that a single token simultaneously functions as a payment instrument, reserve asset, source of liquidity, and store of value.



On the contrary, the architecture of the project is based on the separation of these functions across different elements of the system.

Accordingly, the relevant question is not: *does a single token possess all the properties of money?*

The relevant question is: *can the Nostro system perform monetary functions through the interaction of its various components?*

The analysis presented does not demonstrate a negative answer to that question.

Accordingly, the claim that Nostro lacks monetary properties cannot be considered proven.

4.6. Claim regarding the surrogate nature of N-Token and N-Coin

Position of the Author of the Analysis

The author argues that N-Token and N-Coin are quasi-financial instruments and constitute a surrogate layer built on top of existing monetary claims.

Specifically, the author writes:

“In contrast, this project focuses on a macro-level problem and attempts to justify the development of certain quasi-financial instruments as a solution to that problem.”

The author further states:

“This is fundamentally different from the Nostro model, where a team of enthusiasts is attempting to create its own layer of quasi-products and then persuade users to regard it as a new settlement infrastructure.”

The author’s key formulation is:

“The conclusions drawn by the Nostro team in this regard also appear unfounded, as Nostro does not possess at least the first two core attributes of money. Instead, it merely creates a surrogate layer on top of existing monetary claims.”

Response

This claim is based on an evaluative label rather than on an analysis of the architecture.



The author describes N-Token and N-Coin as "quasi-products" and a "surrogate layer," but does not explain what specifically makes either instrument a surrogate.

To support such a conclusion, it would be necessary to examine the legal nature of the instruments, their economic functions, collateralization mechanisms, redemption mechanics, role in circulation, and relationship to an underlying monetary claim.

No such analysis is provided.

The monetary logic of the Nostro architecture has already been addressed in Section 4.5.

For the purposes of the present claim, it is sufficient to note that the author does not analyze the functions of N-Token and N-Coin, but instead immediately characterizes them as "surrogate" and "quasi-financial" instruments.

However, the fact that a financial instrument is novel or unconventional does not, by itself, make it a surrogate.

To support such a conclusion, it would be necessary to demonstrate that the instrument lacks a clear economic function, lacks a collateralization mechanism, lacks a coherent circulation logic, or is internally contradictory.

No such analysis is presented.

Accordingly, this claim is based on an evaluative characterization rather than on evidence that the architecture itself is fundamentally flawed.

Conclusion

The claim regarding the surrogate nature of N-Token and N-Coin has not been proven.

The author uses the term "surrogate layer" as an evaluative characterization but does not conduct the analysis necessary to support that characterization.

N-Token and N-Coin are not arbitrary substitutes for money. They are different components of a single architecture: one is responsible for payments, while the other provides transactional capacity and liquidity.

Accordingly, a valid criticism would need to demonstrate not that the instruments are new or unconventional, but that their functions, collateralization mechanisms, redemption mechanics, or role within circulation are internally flawed.



No such demonstration is provided in the analysis.

4.7. Claim regarding the inability of N-Token and N-Coin to jointly perform monetary functions

Position of the Author of the Analysis

The author argues that N-Token and N-Coin cannot jointly perform the functions of money.

Specifically, the author writes:

“The reserve asset described as an N-Coin appears to be a complex and opaque instrument, perhaps even a hybrid asset, bearing little resemblance to money. Moreover, it appears vulnerable to significant market manipulation in the interests of large holders.”

The author further states:

“Moreover, a monetary instrument cannot simultaneously promise yield and price appreciation. Such characteristics are more consistent with an investment asset than with money itself.”

The author also reaches the following general conclusion:

“Nor can an asset simply be declared to be money. An asset becomes money when the market uses it as a unit of account, a medium of exchange, a means of payment, and a store of value. In the case of Nostro, there is a declaration that it will serve such a role, but no basis has been presented for concluding that the market will accept it as such.”

Response

This claim has already been partially addressed in Section 4.5.

The author criticizes N-Token and N-Coin as though Nostro were attempting to turn each of them into a standalone form of money capable of independently performing all monetary functions.

However, the architecture of the project is built on the opposite principle.

N-Token and N-Coin perform different roles within a single system. N-Token is used as the payment instrument and unit of account within the system. N-Coin provides transactional capacity, participation in the system's economics, and a framework for long-term economic participation by network participants.



Accordingly, it is not sufficient to challenge the model by showing that N-Coin does not conform to the classical definition of money or exhibits characteristics of an investment asset.

It is necessary to demonstrate that the separation of functions between the system's components is unworkable or that their interaction is internally contradictory.

No such demonstration is provided in the analysis.

The author also argues that the function of money cannot be assigned by declaration.

This point can be accepted.

However, the absence of current market adoption is not evidence that future adoption is impossible.

At the Pre-Seed stage, questions of this kind inevitably remain hypotheses that must be tested through market validation.

Accordingly, the proper conclusion is that the model requires market testing.

It does not follow that the model is impossible or internally flawed.

Conclusion

The claim that N-Token and N-Coin cannot jointly perform monetary functions has not been proven.

The author demonstrates only that N-Coin is not money in the classical sense and exhibits characteristics of an investment asset.

However, this does not invalidate the Nostro architecture, because monetary functions within the system are intentionally distributed across different components.

To refute the model, it would be necessary to demonstrate that these components cannot function together as an integrated system.

No such demonstration is provided in the analysis.



4.8. Claim regarding the impossibility of combining payment and investment functions

Position of the Author of the Analysis

The author writes:

“Moreover, a monetary instrument cannot simultaneously promise yield and price appreciation. Such characteristics are more consistent with an investment asset than with money itself.”

The author also states:

“An asset becomes money when the market uses it as a unit of account, a medium of exchange, a means of payment, and a store of value.”

On this basis, the author questions the possibility of combining payment and investment functions within the Nostro architecture.

Response

This claim does not invalidate the Nostro model. On the contrary, it reinforces one of the project's foundational assumptions.

The author correctly points out that payment and investment functions create different economic incentives. A payment instrument must circulate freely. An investment asset, by contrast, encourages accumulation and long-term holding.

This is precisely why the Nostro architecture is built from the outset on the separation of these functions.

As demonstrated in Section 4.5, the payment and investment functions within the system are performed by different components of the architecture.

Accordingly, criticism of combining payment and investment functions would be valid only if the project attempted to merge both functions into a single asset. Nostro does not do this.

In effect, the author applies an argument against a single-asset model to criticize an architecture that is explicitly designed around the separation of functions across multiple system components.



To refute the model, it would be necessary to demonstrate that separating these functions across different elements of the system is itself unworkable.

No such demonstration is provided in the analysis.

Conclusion

The author correctly identifies the tension between payment and investment functions.

However, the Nostro architecture is built precisely around separating those functions.

Accordingly, this claim does not invalidate the project's model and does not demonstrate any internal contradiction within the architecture.

4.9. Claim regarding the impact of stablecoin market share on market stability

Position of the Author of the Analysis

The author writes:

“A larger share of stablecoins cannot, by itself, reduce the volatility of the crypto market or of crypto assets. At most, it represents a form of statistical dilution rather than genuine price stabilization.”

The author further states:

“The claim is methodologically flawed because volatility is influenced by a range of factors, including market liquidity depth and the volume of leveraged trading, which generates liquidation cascades.”

On this basis, the author concludes that the claim that stablecoins representing 51% of total market capitalization would stabilize the crypto economy is economically unfounded.

Response

This claim does not address the core Nostro hypothesis. It addresses one possible mechanism through which that hypothesis could be realized.

The author correctly points out that market volatility is influenced by multiple factors, including liquidity structure, leverage, trading activity, participant behavior, and other variables.



Accordingly, the share of stablecoins alone is not the sole determinant of market stability.

However, the author's principal conclusion does not follow from this observation.

Even if one assumes that the 51% figure is incorrect or insufficiently supported, this does not invalidate the underlying Nostro hypothesis.

The project's logic is more straightforward.

The greater the share of capital used for economic activity and settlement, the smaller the share of capital that remains confined exclusively to the speculative loop.

The author disputes a specific quantitative target.

But to invalidate the model, it is not enough to argue that the 51% figure may be inaccurate.

It would be necessary to demonstrate that increasing the share of settlement and commercial use of crypto assets has no effect on market structure or the nature of demand.

No such demonstration is provided in the analysis.

Moreover, the author himself previously acknowledges that a substantial portion of current crypto market activity remains concentrated within a speculative environment and the market's internal financial mechanics.

Accordingly, the real disagreement is not about whether the problem exists. The disagreement concerns the magnitude of its impact and the mechanisms through which it may be addressed.

For this reason, criticism of the 51% figure is not, in itself, a criticism of the project's core hypothesis.

It merely demonstrates that a specific quantitative target requires additional support.

Conclusion

The author correctly points out that market volatility is not determined solely by the share of stablecoins.

However, this claim challenges only a specific quantitative target of 51%.



It does not invalidate the broader Nostro hypothesis that increasing the share of digital assets used for real economic activity can alter market structure and reduce the crypto economy's dependence on purely speculative demand.

Accordingly, the argument presented is a criticism of a specific model parameter, not evidence that the underlying hypothesis itself is flawed.

4.10. Claim regarding the need to validate hypotheses through regulatory sandboxes

Position of the Author of the Analysis

The author writes:

“This is a speculative assertion. Regulated environments provide dedicated regulatory sandboxes that allow startups to test the fundamental viability of their business models before investing in full-scale licensing requirements.”

The author then reaches the following conclusion:

“This suggests one of two possibilities: either the team has a poor understanding of how regulated fintech products are actually launched, or the reference to a banking license is being used as a rhetorical device to divert stakeholders’ attention toward supporting the project rather than focusing on the core challenges of customer acquisition, traction, and demonstrated market demand.”

Response

The author conflates two different questions.

The first question is: *is it necessary to validate hypotheses through pilots, regulatory sandboxes, and test deployments?* Yes.

The second question is: *does this mean that licensing is not a critically important part of the Nostro model?* No.

These statements do not contradict each other.

The existence of regulatory sandboxes does not eliminate the need to obtain licenses required to build a full-scale financial infrastructure.



Moreover, a sandbox is not proof of a model's viability. It is a tool for the initial validation of individual hypotheses.

Therefore, the author is not actually challenging the Nostro architecture, but rather the sequence of stages through which it is validated.

Even if the author's argument is accepted in full, the strongest conclusion that follows from it *is that some hypotheses can be tested before obtaining the primary licenses.*

However, this does not imply that the model is unworkable, that the architecture is flawed, or that licensing will not be necessary at a later stage.

In addition, the author draws a much stronger conclusion, claiming that the team either does not understand the regulated fintech market or may be misleading investors.

However, the analysis provides no evidence to support these claims.

Regulatory sandboxes

The author argues that such hypotheses should be validated through regulatory sandboxes before obtaining the primary licenses.

This argument can only be accepted in part.

The team is familiar with existing regulatory sandboxes, including the FCA Regulatory Sandbox (UK), the Digital Securities Sandbox (UK), the European Blockchain Sandbox (EU), the MAS Sandbox (Singapore), the ADGM Sandbox (UAE), the VARA Sandbox (Dubai), the Bahrain FinTech Sandbox, and a number of other similar programs.

However, such instruments are primarily designed to test individual products, processes, and regulatory scenarios.

They can be used to validate KYC/AML procedures, customer onboarding, payment processes, reserve mechanisms, compliance, reporting, token issuance and redemption, as well as certain aspects of interaction with banks and regulators.

At the same time, the core hypotheses of Nostro cannot be validated through regulatory sandboxes.

Sandboxes do not allow the testing of network effects, the achievement of critical user and business mass, the sustainability of the N-Coin economy, demand for payment capacity, the



integration of the crypto economy with the real sector, the long-term circulation of value within the system, the impact on the structure of the digital asset market, or the elimination of the economic anomaly described by the project.

In other words, sandboxes are capable of testing individual components of the model, but they are not capable of confirming or disproving the project's central hypothesis. Therefore, a reference to regulatory sandboxes is not, by itself, an answer to the question raised by the project.

Moreover, the team is currently developing its own Nostro ecosystem simulator designed to model the system's key business processes, including user and business onboarding, KYC/AML procedures, fiat and cryptocurrency transaction processing, reserve management, transaction auditing, stress testing, and the mechanisms underlying N-Token, N-Coin, and Wrapped Coin.

Such a simulator makes it possible to test a significantly broader range of hypotheses than most existing regulatory sandboxes.

If the author is aware of a regulatory sandbox capable of validating an infrastructure model on the scale of Nostro in its entirety, including network effects, the N-Coin economy, and the long-term integration of the crypto economy with the real sector, the team would be interested in exploring such an opportunity.

No specific sandbox capable of solving this task is identified in the analysis presented.

Conclusion

The author correctly points out that certain hypotheses can be validated through regulatory sandboxes and pilot projects.

However, this argument relates to methods for validating individual components of the model, rather than to the question of whether the overall Nostro architecture is viable.

Regulatory sandboxes are capable of testing compliance procedures, onboarding, payment processes, reserve mechanisms, and specific operational scenarios.

At the same time, the project's core hypotheses, including network effects, the N-Coin economy, demand for payment capacity, the integration of the crypto economy with the real sector, the achievement of critical mass among participants, and the long-term sustainability of the model, cannot be validated through such instruments.



Therefore, a reference to regulatory sandboxes is not an argument against the Nostro architecture and does not demonstrate that the project's underlying hypothesis is flawed.

Moreover, the team is already working on the development of its own Nostro ecosystem simulator designed to validate and stress-test the model's key economic, operational, and infrastructure hypotheses.

The choice of design, modeling, development, testing, and validation tools falls within the competence of the project team.

At the current stage of Nostro's development, this approach appears substantially more useful than participation in sandboxes that are incapable of confirming or disproving the project's central hypotheses.

If the author is aware of a tool capable of testing the N-Coin economy, payment capacity, network effects, the achievement of critical mass, and the integration of the crypto economy with the real sector more effectively than a specialized ecosystem simulator, the team would appreciate such recommendations.

No such tool is identified in the analysis presented.

4.11. Thesis on the hypothetical customer and unproven user behavior

Position of the Author of the Analysis

The author writes:

“The economic rationale behind the concept is extremely weak and is built entirely on speculation about the behavior of a non-existent customer in an abstract world.”

The author also states:

“By commercial validation at the Pre-Seed stage, I do not mean a hypothetical financial model presented by the project. I mean observable customer behavior: a change in how the customer operates through access to a real process, willingness to engage in a paid pilot, persistence of that behavior after the pilot, or any other signal demonstrating that the customer is beginning to alter an existing workflow.”

On this basis, the author concludes that the project's economic logic is built on unproven assumptions regarding the future behavior of users.



Response

In this case, the author is effectively criticizing not Nostro, but the very nature of any early-stage startup hypothesis.

At the Pre-Seed stage, the behavior of future users is, by definition, not yet proven.

That is precisely why it is called a hypothesis.

If a change in customer behavior had already been proven, the project would not be at the hypothesis-formation stage, but at a significantly later stage of development.

At the same time, the author quietly substitutes one claim for another.

The first claim is *that customer behavior has not yet been proven*.

This can be accepted.

The second claim is *that, therefore, the project's economic logic is flawed*.

However, this conclusion does not follow from the first claim.

Absence of evidence is not evidence of absence.

To refute the Nostro hypothesis, it is not enough to show that future user actions have not yet been confirmed.

It is necessary to demonstrate that the proposed user behavior is impossible, contradicts users' economic interests, or cannot emerge under any reasonable set of conditions.

No such demonstration is provided in the analysis.

Moreover, a significant portion of the author's criticism is itself built on assumptions about the future behavior of market participants.

For example, the author repeatedly argues that businesses will not use such an infrastructure, that users will not adopt a new settlement model, that the market will not change its existing processes, and that the project will not be able to reach critical mass among participants. However, all of these claims also concern the future behavior of users who do not yet exist and are not supported by empirical evidence.



Thus, the author applies a different standard of proof to his own position than to the position of the project.

The fact that future user behavior has not yet been proven is the normal state of any venture hypothesis.

The question is not whether uncertainty exists, but whether the assumption under consideration is rational enough to be worth testing.

That is precisely the subject of the Nostro project.

Conclusion

The author correctly points out that the proposed behavior of future users has not yet been proven.

However, this argument applies equally to virtually any venture hypothesis at the Pre-Seed stage.

It does not demonstrate that Nostro's economic logic is flawed, nor does it show that the proposed behavior of system participants is impossible.

Therefore, this argument identifies the existence of uncertainty, but does not constitute evidence that the project is unviable.

4.12. Thesis on the insufficient transparency of the project architecture

Position of the Author of the Analysis

The author argues that: "both instruments are opaque financial products"

and further states: "the absence of a white paper (the project's constitutional document and the primary disclosure document expected of blockchain projects). There is no formal token specification, no definition of token-holder rights, no reserve model, no disclosed tokenomics, no smart contracts, and none of the other foundational elements typically expected of such a project."

Response

This argument is based on a conflation of concepts. The author effectively equates the absence of a published White Paper with the absence of disclosure regarding the project's architecture.



However, these are two different questions.

The transparency of an architecture is determined by the amount of information that has been made public, not by the title of the document in which that information appears.

At the time the analysis was prepared, a complete White Paper had indeed not yet been published on the project's website.

However, the project's architecture had been publicly disclosed.

The *Fixing the anomaly* page contains a dedicated section:

"Architecture and action in 6 keys"

This section discloses the key elements of the system:

- N-Token
- N-Coin
- Nostro blockchain

With respect to N-Token, it is stated that:

- "N-Token is a MiCA-compliant utility token pegged 1:1 to the euro"
- "Each N-Token is issued only after the corresponding fiat amount is received"

With respect to N-Coin, it is stated that:

- "N-Coin is the core asset of the Nostro ecosystem"
- "Each N-Coin generates transaction capacity inside the system"

With respect to the blockchain infrastructure, it is stated that:

"Nostro Blockchain is the settlement layer that unifies fiat and crypto operations within a single infrastructure"

In addition, a separate Data Room page is available on the website:

"Download core evidence. Numbers. Models. Assumptions."

and



"Verified LTV/CAC models, regulatory basis, market proof, economics and infrastructure architecture."

Therefore, the claim that the architecture has not been disclosed is inconsistent with the project's published materials.

Moreover, the author himself demonstrates an understanding of the system's basic structure.

At the beginning of the analysis, the author writes:

"The technology is built around two instruments: N-Token and N-Coin."

The author then proceeds to analyze in detail the proposed mechanics of N-Token, N-Coin, the reserve model, liquidity, issuance, participant incentives, and the risks associated with governing the system.

This creates an internal contradiction.

On the one hand, the author argues that the instruments are opaque. On the other hand, the published information proved sufficient to produce a twelve-page analysis of their proposed mechanics.

It should also be noted that work on the White Paper had begun before this analysis was produced.

At the time the analysis was prepared, the final version of the White Paper had indeed not yet been published on the website.

However, portions of the future White Paper had been prepared and [publicly released](#) before the analysis was produced. The relevant materials were publicly available and were included in the description of one of the project's public video presentations.

The author of the analysis was under no obligation to search for these materials outside the website, and therefore the fact that they were not reviewed does not constitute an error.

However, this fact does refute the assumption that the project is not working on the formalization of its architecture, economic model, and operating principles.

In addition, in his video address to the professor, the founder explicitly invited clarifying questions. No question regarding the existence or absence of a White Paper was raised.



It should also be noted that the project is under no obligation to publicly disclose internal technical documentation, architectural specifications, source code, security models, internal development processes, or any other materials constituting the project's intellectual property.

The absence of such materials from the public domain cannot be considered evidence that the architecture lacks transparency.

Conclusion

At the time of the analysis, a complete White Paper had indeed not been published on the project's website.

However, the key elements of the architecture, the logic of N-Token, the logic of N-Coin, the structure of the blockchain infrastructure, and the existence of a separate Data Room had been publicly disclosed.

Therefore, the argument concerning the absence of a White Paper may be open to discussion.

The argument that the project's architecture lacks transparency is not supported by the published materials.

4.13. Thesis on Nostro being inconsistent with the current direction of financial system development

Position of the Author of the Analysis

The author argues:

“The industry itself is moving toward eliminating all kinds of surrogate instruments that ‘wrap’ real value, with the exception of legally recognized tokenized claims.”

The author further writes:

“This is fundamentally different from the Nostro model, where a team of enthusiasts is attempting to create its own layer of quasi-products and then persuade users to regard it as a new settlement infrastructure.”

And reaches the following conclusion:



“Thus, they have failed to demonstrate why an early-stage startup, with no indication of experience in serious institutional finance, no understanding of a viable market entry wedge, and no meaningful support, should begin by building some form of infrastructure.”

Response

This argument is based on an incorrect description of the Nostro model itself.

The author attempts to portray the project as an alternative to the existing financial system.

However, the project's published materials state the exact opposite.

The website states: "Nostro does not replace banks. It upgrades what banks can offer."

It also states: "Nostro integrates directly into the existing financial system."

And: "Nostro combines regulated fiat infrastructure with blockchain technology."

In other words, the project does not propose abandoning banks, reserves, regulation, licensing, or the existing financial infrastructure.

On the contrary.

The concept is built around integrating crypto assets into a regulated financial environment through licensed infrastructure, compliance, and banking mechanisms.

The author therefore first attributes to the project the claim that it seeks to create some form of parallel financial system and then criticizes the project for precisely that claim.

However, no such claim exists in the project's published materials.

Moreover, the author himself cites BIS initiatives, banks, CBDC projects, tokenized deposits, and programmable payment systems as evidence of the direction in which the industry is developing.

Yet this is precisely the direction described on the Nostro website: "Bringing crypto into the real economy through regulated financial infrastructure."

As a result, the argument is not actually directed at Nostro's published model, but at an alternative model formulated by the author himself in the analysis.



It is also worth noting another internal contradiction.

The author argues that such initiatives are the domain of the world's largest banks, regulators, and international institutions.

However, the mere existence of large-scale initiatives is not evidence that new market participants have no right to propose their own solutions.

By that logic, Mastercard should never have emerged after Visa, Ripple and Fireblocks should never have emerged after SWIFT, and new financial infrastructure companies should never have been created after the first banking platforms appeared.

The size of existing competitors may indicate that the market is difficult. It is not evidence that entry into that market is impossible.

Conclusion

The author argues that Nostro is inconsistent with the direction of modern financial system development.

The project's published materials indicate the opposite. Nostro does not seek to replace the existing financial infrastructure. Nostro seeks to combine regulated financial mechanisms and digital assets within a unified infrastructure.

Therefore, the claim that the project is inconsistent with the current direction of financial system development is not supported by the published materials and is based on an incorrect description of the Nostro model itself.

4.14. Thesis on customer discovery and the first customer

Position of the Author of the Analysis

The author argues:

“If a team is serious about operating in the market, its efforts should be focused on one thing only: gaining access to its first customer.”

The author further writes:

“In the public materials and in the pitch presented to you, I did not see this.”



And reaches the following conclusion:

“Instead of a first testable use case and a clear market-entry wedge, what was presented was a high-level vision of a future ecosystem built around questionable economic incentives.”

Response

This argument is not an analysis of the project. It is a description of a preferred startup launch methodology.

The author does not actually refute any of Nostro’s hypotheses, any of the project’s economic models, or any of the system’s stated mechanisms.

Instead, the author argues that, if he were in the team’s position, he would choose a different sequence of actions.

However, customer discovery relates to the project’s execution strategy, not to the truth or falsity of the business hypothesis itself.

Even if one assumes that the author is correct and that the project should begin with its first customer, it does not follow that the Nostro model is impossible to implement, that the described architecture is flawed, or that the project’s economic logic is unsound.

Moreover, the author explicitly acknowledges that this reflects his preferred approach:

“Therefore, the logic of such a project begins with a fundamental question:”

“At the Pre-Seed stage, the team must build a sufficient level of evidence-based confidence...”

In other words, the subject of the criticism is not the Nostro model itself, but the fact that the project does not follow the startup development methodology preferred by the author.

Such an argument may be offered as a recommendation. However, it does not constitute evidence that the project is flawed, unimplementable, or economically unsound.

Conclusion

The author does not demonstrate that the Nostro model is impossible.

The author merely argues that, if he were in the team’s position, he would validate the hypotheses in a different way.



This is a managerial opinion regarding the sequence of actions, not evidence that the project is unviable.

4.15. Thesis on the team's right to enter the market

Position of the Author of the Analysis

The author argues:

“The next question is whether the team has earned the right to enter this market.”

The author further writes:

“The team has not explained why it, specifically, has access to the right customer, understands the customer's workflow, can overcome industry barriers, and is capable of generating the first compelling evidence faster than others.”

And reaches the following conclusion:

“Based on what I have seen, the team's right to enter this market remains unproven.”

Response

This argument is not an analysis of the project.

The author introduces his own criterion, one that exists neither in venture practice nor in the logic of entrepreneurship.

The existence of a market does not require obtaining anyone's permission to attempt to solve an existing problem.

Moreover, the author effectively substitutes one question for another.

Instead of analyzing whether the described problem exists, whether the proposed model can solve it, and whether the project possesses economic logic, the author proposes discussing whether the team has some abstract “right to enter” the market.

At the same time, the author himself acknowledges that by such a right he means his own set of criteria:



“By the right to enter, I mean a credible entrepreneurial basis for believing that this particular team is capable of securing an advantage within the chosen market opportunity.”

In other words, this is not an objective criterion, but a subjective construct created by the author himself.

In practice, the argument reduces to the following: *the team has not yet proven that it will inevitably win.*

This is impossible to dispute.

No Pre-Seed startup is capable of proving future market victory.

That is precisely why venture capital exists.

Moreover, this argument can easily be turned against any new market entrant.

Before Stripe existed, the Stripe team had no proven right to build payment infrastructure. Before Revolut existed, the Revolut team had no proven right to build a global neobank. Before Ethereum existed, the Ethereum team had no proven right to build a new blockchain platform.

In every case, the existence or absence of a “right to enter” was determined not before launch, but by the results of executing the project.

Conclusion

The author does not demonstrate that the Nostro model is impossible. The author does not demonstrate that the market does not exist. The author does not demonstrate that the problem itself does not exist.

The author merely argues that the team has not yet proven its future superiority over potential competitors.

This may represent an investment risk. However, it is not an argument against the project model itself.

4.16. Thesis on the learning roadmap

Position of the Author of the Analysis

The author argues:



“At this stage, the startup’s primary artifact should not be a product roadmap but a learning roadmap.”

The author further writes:

“If, instead, the team predefines an extensive feature set, it begins building a product detached from reality.”

And reaches the following conclusion:

“This risk runs as a common thread throughout the project's materials.”

Response

This argument is not an analysis of the project.

The author does not demonstrate that any Nostro function is impossible. The author does not demonstrate that any Nostro function is economically unviable. The author does not demonstrate that any Nostro function contradicts the stated model.

Instead, the author argues that he would prefer a different approach to working on the project.

In practice, the entire argument reduces to the following: *the team should not describe the target system before completing customer discovery.*

However, this is the author's methodological preference, not an objective criterion for evaluating the project.

Moreover, no conclusion regarding the viability or non-viability of the Nostro model follows from this argument.

Even if the author's reasoning is accepted in full, the strongest conclusion that follows is *that the team may choose to change the sequence in which it validates its hypotheses.*

But it does not follow that the project is flawed. It does not follow that the architecture is impossible. It does not follow that the economics are unsound. It does not follow that the stated problem does not exist.

In substance, the author is criticizing not the project itself, but the sequence of actions chosen by the team.



This is a managerial opinion, not evidence that the model is unviable.

Conclusion

The author does not refute any of Nostro's hypotheses. The author does not refute the Nostro architecture. The author does not refute the Nostro economics.

The author merely argues that he would prefer a different startup-building process.

This is a project management recommendation, not an argument against the project itself.

4.17. Claim regarding the project's financial model

Position of the Author of the Analysis

The author argues:

"Nostro's financial model reads more like a top-down fantasy than a description of customer behavior and a mechanism for sustainably capturing a portion of validated customer value."

The author further states:

"LTV cannot be treated as a fact before customer behavior has been validated."

"CAC cannot be considered a reliable metric before a customer acquisition channel has been proven."

"Retention cannot be assumed before real-world usage has been observed."

"A revenue model cannot be built as though scale has already been achieved."

And reaches the following conclusion:

"All of this describes a reality that does not yet exist and one that no investor would find credible."

Response

Some of the author's arguments can be accepted.



Indeed, at the Pre-Seed stage, metrics such as LTV, CAC, Retention, and future revenue are not established facts.

However, it does not follow that the financial model is unsound.

A financial model exists at the Pre-Seed stage precisely because future metrics have not yet been validated by the market.

If all values had already been proven by actual market data, the company would not need a financial model. Historical financial statements would be sufficient.

The author points out that these metrics have not been validated by the market.

But a financial model is not intended to document established facts. Its purpose is to model possible business development scenarios based on a selected set of assumptions.

Therefore, statements such as:

“LTV cannot be treated as a fact before customer behavior has been validated.”

“CAC cannot be considered a reliable metric before a customer acquisition channel has been proven.”

“Retention cannot be assumed before real-world usage has been observed.”

do not, by themselves, refute the financial model.

They merely indicate that the metrics being used are projections.

This is true of virtually any financial model at the Pre-Seed stage.

The author also characterizes the model as a “top-down fantasy,” yet does not demonstrate which specific elements of the model are disconnected from the proposed behavior of system participants.

To reach such a conclusion, it would be necessary to demonstrate a disconnect between the assumptions being used, the mechanism for attracting users, and the generation of revenue.

No such analysis is provided.



The author then makes a significantly stronger claim, arguing that the financial model describes a “reality that does not yet exist.”

To support such a conclusion, it would be necessary to demonstrate at least one of the following:

- mathematical errors in the calculations;
- internal contradictions within the model;
- the impossibility of achieving the metrics being used;
- violations of economic constraints;
- unrealistic underlying assumptions.

No such analysis is provided.

The author does not demonstrate errors in the formulas. He does not demonstrate errors in the logic of the calculations. He does not demonstrate internal contradictions within the model. He does not demonstrate that the stated metrics are impossible to achieve. He does not identify which specific assumptions are unrealistic or explain why.

In practice, the criticism reduces to the claim that projections of future business performance have not yet been validated by the market.

Conclusion

The author does not demonstrate that the Nostro financial model contains errors.

The author does not demonstrate that the underlying assumptions contradict economic reality.

The author does not demonstrate that the stated metrics are fundamentally unachievable.

The author merely points out that projections of future business performance have not yet been validated by actual results.

This is true of virtually any startup at the Pre-Seed stage and does not, by itself, constitute a refutation of the financial model.

To refute the model, it is necessary to analyze its assumptions, logic, and calculations.

No such analysis is provided in the presented assessment.



4.18. Claim regarding free transactions

Position of the Author of the Analysis

The author writes:

“Another issue that stands out is the promise of free internal transfers, discounts, or cashback.”

The author further argues:

“Therefore, if a product promises users free transactions, it must explain who is actually bearing those network costs: the user, the issuer, or some other party.”

And reaches the following conclusion:

“In either case, the question remains the same: if transactions are free, who is funding that economic subsidy? Without a clear answer, the financial model appears to assume that costs simply disappear.”

Response

This claim is based on arguing against a statement the project does not make.

The project does not claim that transactions have no cost. The project claims that internal transfers are free for the user.

These are different claims.

In many business models, users do not pay the cost of an operation directly.

Marketplaces subsidize delivery. Banks subsidize transfers. Payment systems subsidize card services. Social networks do not bill users for data storage and bandwidth consumption.

The absence of a fee for the user does not imply the absence of costs for the operator of the system.

Therefore, the author is not arguing against the stated model, but against the assumption that the project claims the existence of cost-free transactions.

No such claim appears in the project's materials.



Moreover, the author himself acknowledges the existence of alternative models for covering such costs:

“the user, the issuer, or some other party.”

This is precisely why the existence of a free operation for the user does not, by itself, constitute an economic contradiction.

Conclusion

The author does not demonstrate that free internal transfers are impossible.

The author merely points out that a source of funding must exist to cover the associated costs.

This is an obvious requirement for any business model.

By itself, it is not an argument against the project and does not demonstrate a flaw in its economic logic.

4.19. Claim regarding competitive analysis

Position of the Author of the Analysis

The author argues:

“I will not go into detail regarding what is wrong with the competitive analysis. Everything about it is wrong.”

The author further writes:

“The team appears to define competitors using a self-created checklist and seems convinced that if a company does not simultaneously offer individual accounts for both consumers and businesses, fiat and crypto payments, and a long list of other features, then it cannot be considered a direct competitor.”

And reaches the following conclusion:

“Against this backdrop, the claim that ‘we could not find a competitor because nobody has assembled the same set of features’ does not withstand scrutiny.”

As examples of competitors, the author cites Project Agorá, mBridge, Partior, and Kinexys.



Response

This claim does not demonstrate that the project's competitive analysis is flawed.

In practice, the author does not analyze Nostro's competitive analysis itself, but rather expresses disagreement with the method used to identify direct competitors.

The project does indeed use its own criterion for determining competitive overlap, which has been publicly disclosed and is applied consistently across all solutions under consideration. The mere existence of such a criterion cannot, by itself, serve as evidence that it is flawed.

To refute the competitive analysis, it is necessary to demonstrate one of two things. Either the criterion being used leads to incorrect conclusions, or specific projects were unjustifiably excluded from the list of competitors.

The author does neither.

The analysis contains no examination of the criterion itself. It does not demonstrate any internal inconsistency within the criterion. It does not analyze specific solutions that were allegedly excluded in error. It does not compare the results produced by different approaches.

Instead, the author simply proposes his own understanding of how competitors should be defined.

This creates a methodological problem.

The author criticizes the project for using its own approach to defining the competitive landscape, yet then compiles a list of competitors based on his own approach without demonstrating why that approach is more appropriate.

Project Agorá, mBridge, Partior, and Kinexys are listed as competitors of Nostro, yet no analysis is provided regarding the extent to which these projects overlap with the goals, objectives, and intended functional scope of the Nostro system.

In practice, the only argument presented is that all of these solutions belong to the broader fields of financial infrastructure and DLT.

However, these are specific projects designed to solve specific problems, and they bear no relation to the problem Nostro seeks to address.



Project Agorá is testing wholesale cross-border payments using tokenized central bank reserves and tokenized bank deposits. It is infrastructure for central banks and major financial institutions, not a product for businesses and consumers, and not a bridge between crypto and real-world commerce.

mBridge is a multi-CBDC platform for cross-border settlements between central and commercial banks. It is CBDC infrastructure, not a system for business adoption of crypto assets and not a consumer-business fiat-crypto framework.

Partior comes closest by virtue of the word “payments,” but it is a platform for 24/7 atomic settlement, FX PVP, and interbank infrastructure for financial institutions. It does not provide consumer or business accounts, does not include an N-Token or N-Coin economy, and is not designed to integrate crypto liquidity into everyday commerce.

Kinexys / JPM Coin is J.P. Morgan's blockchain infrastructure for institutional payments, tokenization, and near-real-time settlement. It is infrastructure operating within J.P. Morgan's banking ecosystem, not an open system for businesses, crypto users, and the broader crypto economy.

The author therefore conflates **industry proximity** with **competitive overlap**.

Such an approach inevitably leads to an overly broad definition of competition.

If every financial infrastructure platform that uses DLT is considered a competitor, then CBDC projects, tokenized deposits, interbank settlement networks, payment systems, custodial platforms, banking consortia, stablecoin issuers, and many other solutions are automatically grouped into the same category.

As a result, the concept of a direct competitor becomes so broad that it ceases to serve an analytical function.

Moreover, the author himself effectively acknowledges the existence of distinct infrastructure segments within the industry by listing projects that solve fundamentally different problems: cross-border interbank settlements, CBDC infrastructure, tokenized deposits, institutional networks, and programmable payments.

However, belonging to the same industry does not, by itself, imply direct competitive overlap.

The existence of a project within the financial infrastructure sector does not mean that it solves the same problem, uses the same approach, or targets the same market.



Therefore, the subject of the disagreement is not the existence of an error in Nostro's competitive analysis, but a difference in approaches to defining the competitive landscape.

The author is entitled to consider the project's criterion ineffective. However, to support such a conclusion, it is necessary to demonstrate precisely where the error lies and what incorrect results it produces.

No such demonstration is provided in the analysis.

Conclusion

The author does not identify a single specific error in Nostro's competitive analysis.

The author does not demonstrate that the project's criterion for determining competitive overlap leads to incorrect conclusions.

The author does not demonstrate that the projects he cites are more justified direct competitors within the context of the project's stated objective.

In practice, the analysis proposes an alternative approach to defining the competitive landscape, but does not demonstrate that the approach used by Nostro is flawed.

Therefore, this claim represents a disagreement with the methodology of the analysis rather than a refutation of it.

4.20. Claim regarding competition with banking, governmental, and institutional initiatives

Position of the Author of the Analysis

The author argues:

“Based on their own positioning, their actual competitive landscape extends far beyond fintech applications. It includes institutional DLT initiatives within traditional finance.”

The author then cites Project Agorá, mBridge, Partior, Kinexys, and other banking and government-led initiatives as examples.



Response

This claim is based on the assumption that all infrastructure projects using DLT technologies are automatically competitors.

However, the mere use of DLT does not imply competitive overlap.

By that logic, central bank CBDC projects, tokenized deposits issued by commercial banks, interbank settlement networks, digital securities issuance platforms, repo infrastructure, custodial platforms, and cryptocurrency payment systems would all be competitors simultaneously.

In practice, the author places into a single category projects that solve different problems for different market participants.

The analysis does not demonstrate that the listed projects address the same problem that Nostro seeks to solve. It does not demonstrate that they target the same audience. It does not demonstrate that they use a comparable operating model. It does not demonstrate that a Nostro user could replace Nostro with Agorá, mBridge, Partior, or Kinexys.

On the contrary.

The descriptions of these projects indicate that most of them are focused on interbank settlement, tokenized deposits, central bank infrastructure, or institutional asset exchange.

These are distinct areas of financial infrastructure development.

However, Nostro is focused on a different problem.

The project is based on the premise that a substantial volume of crypto assets exists outside real commercial circulation and is not used by businesses as a fully functional payment instrument. The Nostro architecture is designed to integrate the crypto economy into a regulated financial environment and everyday commercial activity.

Even if CBDCs, tokenized deposits, or interbank DLT platforms develop successfully, that alone does not solve the problem of using existing crypto assets within the real economy.

A tokenized deposit addresses the digitalization of bank money. A CBDC addresses the digitalization of central bank money. Interbank DLT networks address the efficiency of settlements between financial institutions.



Nostro seeks to answer a different question: how can the existing crypto economy be integrated into regulated commercial activity alongside traditional financial instruments?

Therefore, the mere existence of governmental or banking DLT initiatives does not constitute evidence of direct competition with Nostro.

Moreover, many of the initiatives cited by the author could potentially coexist in parallel and operate within a similar infrastructure environment without displacing one another.

Conclusion

The author does not demonstrate that governmental, banking, and institutional DLT projects solve the same problem as Nostro.

The author does not demonstrate that Nostro can be directly substituted by the initiatives he cites.

In practice, the author groups together different classes of financial infrastructure solely on the basis that they use the same technology.

Therefore, the mere existence of Project Agorá, mBridge, Partior, Kinexys, and similar initiatives does not constitute evidence of a direct competitive threat to Nostro and does not refute the project's underlying hypothesis.

4.21. Claim regarding the experience of we.trade and other infrastructure initiatives

Position of the Author of the Analysis

The author argues:

“The market has already seen projects that successfully demonstrated the technological and operational effectiveness of a particular model, yet failed to transform that success into a scalable business. A notable example is we.trade...”

The author further writes:

“The problem emerged at the level of adoption and network economics.”

And reaches the following conclusion:



“The primary barrier to scaling is not technology alone, but the fragmentation of networks and standards.”

“In this respect, Nostro’s private model does not solve the fragmentation problem.”

Response

This claim does not refute the Nostro model.

It demonstrates precisely the opposite: in infrastructure projects, success is determined not by technology alone, but by the ability to build a network, align economic incentives, and create a repeatable model of adoption.

The author himself acknowledges that, in the case of we.trade, the problem was not the technology. The problem was adoption, network economics, the absence of critical mass, and participant fragmentation.

However, the failure of we.trade does not imply the failure of every infrastructure model.

That is a logical fallacy of generalization.

we.trade was a narrow consortium project focused on digitizing trade finance for small and medium-sized enterprises.

Nostro is attempting to solve a different problem: the integration of crypto assets into the real economy through a payment layer, a banking framework, N-Token, N-Coin, and a unified circulation infrastructure.

A comparison is possible only at the level of a general risk: every infrastructure project requires a network.

But that is not evidence that Nostro is unviable.

Moreover, the author effectively identifies the very risks that the Nostro architecture is designed to address from the outset:

- lack of critical mass;
- network fragmentation;
- weak integration into real-world processes;
- non-repeatable economics;
- lack of participant incentives.



Nostro is not building an isolated documentation workflow for a single process.

Nostro is building a monetary framework in which users, businesses, banks, and N-Coin holders each have different but interconnected economic incentives.

The project website explicitly states that businesses require N-Coin for circulation, users rely on N-Token for everyday transactions, and banks can connect to the Nostro blockchain and issue their own fiat-crypto pairs.

This is a fundamentally different type of network logic.

we.trade depended on whether SMEs were willing to change their workflows for trade finance.

Nostro depends on a different question: are participants willing to use a more convenient, regulated, and economically incentivized layer for the circulation of crypto value within the real economy?

These are different markets. Different incentives. Different entry points. Different network dynamics.

The author also argues that the private model proposed by Nostro does not solve the problem of fragmentation.

However, this claim is not substantiated.

The Nostro model explicitly describes a unified infrastructure in which different banks and participants can issue compatible crypto pairs, while all flows operate through a common blockchain and a shared set of interoperability rules.

Therefore, the fragmentation argument applies to disconnected and incompatible networks.

It does not refute an architecture whose stated objective is precisely to create a unified and interoperable layer.

Conclusion

The experience of we.trade demonstrates not that infrastructure projects are impossible, but that an infrastructure project fails without critical mass, embedded incentives, repeatable usage, and network economics.

This is a risk. It is not a refutation of Nostro.



The author uses we.trade as evidence against the project, even though the example itself demonstrates only the necessity of a properly designed network architecture.

Nostro is built precisely around this logic: a unified framework, interoperable participants, economic incentives, banking integration, payment utility, and network growth driven by usage.

Therefore, the claim regarding the experience of we.trade constitutes a warning about implementation risk, not evidence that the Nostro model is unviable.

4.22. Claim regarding network fragmentation and the standards problem

Position of the Author of the Analysis

The author argues:

“The primary barrier to scaling is not technology alone, but the fragmentation of networks and standards.”

The author then concludes that this problem calls into question the prospects of infrastructure initiatives of this kind.

Response

This claim describes an existing industry-wide problem.

It is not a refutation of the Nostro project.

The fragmentation of financial networks, payment systems, and infrastructure standards exists independently of Nostro and affects virtually all modern initiatives in digital financial infrastructure.

As demonstrated in Section 4.21, such limitations relate to issues of adoption, network effects, and achieving critical mass among participants.

However, the existence of a problem does not, by itself, constitute proof that the problem cannot be solved.

To refute the model, it is not sufficient to point to the existence of fragmentation. It is necessary to demonstrate that fragmentation makes the creation of interoperable infrastructure fundamentally impossible.



No such demonstration is provided in the analysis.

Conclusion

The author identifies a real industry-wide problem.

However, network fragmentation is a deployment and scaling risk inherent to any financial infrastructure initiative.

It is not evidence that the creation or use of the Nostro system is impossible.

4.23. Claim regarding the fundamental invalidity of the infrastructure approach

Position of the Author of the Analysis

The author argues:

“The team did not start with a verifiable ability to create a more valuable solution for a specific type of customer, but instead began by designing a financial product presented as a private version of financial infrastructure, which contradicts the logic of a venture-backed startup.”

The author further writes:

“Thus, they have failed to demonstrate why an early-stage startup, with no indication of experience in serious institutional finance, no understanding of a viable market entry wedge, and no meaningful support, should begin by building some form of infrastructure.”

Response

This claim does not demonstrate that the infrastructure approach is fundamentally flawed.

The author does not actually demonstrate that the Nostro architecture is internally contradictory, economically unsound, or fundamentally unimplementable.

Instead, the argument is reduced to the observation that projects of this nature are typically developed by large financial institutions, involve a high degree of implementation complexity, and require overcoming significant market, regulatory, and infrastructure barriers.

This is difficult to dispute.



However, these considerations have already been addressed in previous sections of this chapter and relate to execution risk rather than evidence that the model itself is flawed.

In practice, the author conflates two different questions: *whether such an infrastructure can exist in principle*, and *whether a specific team can successfully build it*.

The first question concerns the architecture of the project. The second concerns execution quality.

Even if one accepts that execution risk is high, this does not make the infrastructure hypothesis flawed and does not demonstrate that its implementation is impossible.

No such conclusion is established in the analysis.

The author demonstrates that the challenge is difficult. But difficulty and impossibility are not synonymous.

Conclusion

The author demonstrates the high level of complexity associated with infrastructure projects and the risks that accompany them.

However, execution risks do not constitute evidence that the infrastructure approach itself is flawed.

Therefore, this claim may be viewed as an argument regarding the difficulty of executing the project, but not as a refutation of the Nostro architecture.

4.24. Claim regarding the need to focus on a single ICP and a single use case

Position of the Author of the Analysis

The author writes:

“Therefore, the logic of such a project begins with a fundamental question: Which specific process today contains a measurable inefficiency...”

The author further states:



“If these questions are approached correctly, the team should arrive at a limited set of testable hypotheses:...”

And concludes that project development should proceed through a single specific customer segment, a single problem, and a single testable use case.

Response

This claim does not demonstrate that the Nostro approach is flawed. The author is describing one of the commonly used methods for launching startups.

However, it does not follow that every infrastructure hypothesis must begin with a single ICP and a single use case.

Moreover, the claim itself is normative rather than evidentiary.

The author does not present a single argument demonstrating that an infrastructure project cannot, in principle, be validated through several interconnected segments simultaneously.

He does not demonstrate that the presence of multiple user groups makes the business model impossible. He does not demonstrate that a multi-layered financial infrastructure must necessarily be reduced to a single use case.

In practice, the author proposes a universal rule:

- first, a single ICP;
- then, a single use case;
- then, scaling.

However, the very existence of infrastructure platforms, payment networks, marketplaces, and financial ecosystems demonstrates that many models are built from the outset around the interaction of multiple participant groups.

Therefore, the disagreement here is not about facts, but about startup methodology.

The author considers a sequential progression from a single ICP to scaling to be the only acceptable path.

The Nostro project proceeds from the assumption that what must be validated is not an individual function, but the infrastructure hypothesis as a whole.



Disagreement with the chosen methodology does not constitute evidence that the methodology is flawed.

Conclusion

The author does not demonstrate that the Nostro model is impossible without reducing the project to a single ICP and a single use case.

The author merely argues that he prefers a different approach to launching startups.

Therefore, this claim represents a disagreement over the methodology of hypothesis validation rather than evidence that the Nostro project is unviable.

4.25. Claim regarding fraud, pump-and-dump schemes, and conflicts of interest

Position of the Author of the Analysis

The author identifies a separate category of project risks and writes:

“The second category consists of more significant risks related to potential fraud.”

The author further argues:

“The entire economic model is built around a proprietary internal token whose price and liquidity could potentially be controlled by the company itself.”

“For the serious project, this creates a conflict of interest. The company simultaneously designs the token, controls its issuance, organizes the internal market, collects fees on entry and exit, and, most importantly, promises some form of economic benefit to token holders.”

The author also states:

“This is precisely where the risk of price manipulation arises.”

After which he concludes:

“Mechanically, it resembles the same pump-and-dump schemes...”

Concluding this section, the author writes:



“In the early stages, limited supply and internally generated demand may make the token’s price appear stable or rising. At that point, early participants, or the issuer itself, may have an opportunity to realize their gains and exit into cash...”

“It appears to me that this is the true motivation of those who approached you for support...”

Thus, the author associates the Nostro project with risks of fraud, market manipulation, and pump-and-dump schemes.

Response

This claim is the most serious accusation in the entire analysis. That is precisely why it requires the highest standard of evidence.

However, the presented analysis lacks not only evidence of fraud. It also lacks evidence of the mechanism the author is attempting to describe.

The author reviewed the project based on the published materials on the Nostro website. Therefore, it was the published architecture of the project that should have served as the basis for such conclusions.

However, the analysis does not demonstrate:

- which specific elements of the Nostro model create a pump-and-dump mechanism;
- where an artificial scarcity of the asset is created;
- where the mechanism for driving the price upward arises;
- where the mechanism for extracting profits at the expense of later participants arises;
- where the mechanism for withdrawing funds by the organizers of the scheme arises;
- how investors are allegedly misled regarding the nature of the investment;
- what material information is allegedly being concealed from investors;
- how the financing structure allegedly enables the unlawful appropriation of investor funds;
- how the use of a SAFE, regulated crowdfunding, and subsequent SEC registration through Wefunder is compatible with the scheme described by the author;
- which specific elements of the corporate structure of Nostro Corp allegedly create the mechanism of the proposed fraud;
- how the alleged fraud could operate under conditions of staged financing, information disclosure, and investor oversight.



Moreover, the author separately argues that, in the early stages, the price of the asset may rise due to limited supply and internally generated demand, after which early participants or the issuer itself may be able to realize profits.

However, this mechanism is not explained in the analysis either.

The author does not demonstrate:

- how internally generated demand arises within the Nostro model;
- how such demand is separated from functional demand arising from the use of the system and the need to support economic circulation;
- how the company is capable of artificially creating such demand independently of the economic activity of participants within the system;
- how a persistent scarcity of the asset arises.

Price appreciation, by itself, implies that demand exceeds supply. However, the author does not explain why the assumed growth in demand would not be offset by additional issuance if the system architecture provides for the issuance of new N-Coin to support increasing transaction volume.

Therefore, neither the source of the scarcity nor the mechanism by which it would be maintained is demonstrated.

The author further assumes that the issuer or early participants will be able to “exit their position.” However, he does not explain why such an exit would automatically lead to the collapse of the model.

If demand for the asset remains intact and the proceeds flow into the system's reserves, then the sale of a portion of N-Coin does not, by itself, explain why the system would be unable to continue operating and servicing further growth in demand.

The author also does not explain how the alleged fraudulent scheme is compatible with the project's chosen financing structure.

According to the published materials, capital is intended to be raised through a SAFE and regulated crowdfunding, followed by investor disclosures through the Wefunder infrastructure.

However, the analysis does not explain:

- why the organizers of the alleged scheme would grant investors an ownership stake in the company;



- why they would create a corporate structure and build shareholder value in Nostro Corp;
- why they would undergo disclosure procedures and regulatory oversight;
- why they would raise capital through instruments that allow investors to participate in the future growth of the company's value.

The economic rationale for such behavior is not explained in the analysis.

Classic pump-and-dump schemes are typically built around extracting profits from the asset itself. In the present case, the author simultaneously assumes the existence of such a scheme while ignoring the fact that the stated financing model is oriented toward increasing the value of the company itself rather than exclusively the value of an internal asset.

The author does not explain the economic motivation behind the alleged scheme.

In practice, the analysis implies that the company must first build a financial infrastructure, obtain licenses, onboard clients, generate transaction volume, create liquidity, and establish a functioning financial institution, only to then destroy its own business in exchange for a one-time realization of profit.

However, the analysis provides no arguments explaining why such a scenario would be more beneficial for the company than continuing to operate the infrastructure and generate long-term revenue from its activities.

Moreover, the project's published materials explicitly contemplate long-term shareholder value creation scenarios, including potential mergers and acquisitions (M&A) and a future initial public offering (IPO).

Yet the author does not explain why it would be more rational for the team to destroy its own business through an alleged pump-and-dump scheme rather than pursue a long-term shareholder value creation strategy.

The economic logic behind such a choice is absent from the analysis.

The author's reasoning regarding the alleged conflict of interest also deserves separate attention.

In essence, the author assumes that Nostro participates in the system, holds its own reserve of N-Coin, and is therefore interested in increasing the value of the asset. From this, the author concludes that there is a potential motivation to implement a pump-and-dump scheme.

However, such reasoning requires additional justification.



If mere participation in the system and ownership of the asset automatically create a motivation to commit fraud, then the same logic must apply equally to every participant in the network without exception.

According to the published architecture of the project, Nostro is not positioned as the sole participant in the future ecosystem. On the contrary, the model assumes the participation of banks, financial institutions, payment providers, and other market participants operating under the same system rules.

This raises an obvious question.

If one assumes that tomorrow Citibank, JPMorgan, or another major financial institution connects to the Nostro infrastructure, issues its own fiat-backed crypto pair, and begins using the network to serve clients, does this automatically imply that such a participant is motivated to implement a pump-and-dump scheme?

Does the author's logic imply that any major participant in the network holding a significant volume of assets within the system will inevitably seek to inflate the price of the relevant asset, realize profits, and destroy its own business?

Or is this logic intended to apply exclusively to Nostro, while all other participants operating under the same rules will, for some unexplained reason, behave differently?

The analysis does not address this question.

Moreover, the Nostro architecture is presented not as a closed system controlled by a single issuer, but as an infrastructure blockchain designed for multiple participants, including banks, financial institutions, and issuers of local crypto pairs. If the author believes that any participant is capable of arbitrarily manipulating the economics of the entire system for its own benefit, then that claim requires separate proof.

No such proof is provided in the analysis.

Therefore, the mere fact that a company participates in the infrastructure it is building and has an economic interest in the success of that system is not evidence of fraud. Otherwise, the same accusation would have to be made against any bank, payment system, exchange, or financial institution that has an interest in the development of its own infrastructure and the growth of its usage.

On the contrary, the project's published model contains facts that directly contradict this conclusion. These facts are presented in a separate table within this response.



The author of the analysis does not address these facts, does not refute them, and does not explain how they are consistent with the accusation being made.

It is particularly noteworthy that the comparison of Nostro to projects such as Libra and \$TRUMP is likewise not accompanied by any analysis of the economic mechanisms underlying those projects and does not explain which specific elements of the Nostro architecture make such an analogy justified.

Thus, the accusation is based not on an analysis of a mechanism, but on an analogy whose validity is not substantiated anywhere in the text.

Another aspect of this claim is no less important.

In the original communication with the professor, the project's founder explicitly offered to answer any questions regarding the system architecture, project economics, licensing, regulation, financial model, technology, and any other aspects of the project.

The team expressed its willingness to provide additional clarification on any disputed issue. However, no one contacted the founders of Nostro to request such clarification.

Instead of asking follow-up questions and verifying disputed assumptions, the most serious accusation in the entire document was formulated without conducting any additional verification of the underlying assumptions.

Such an approach is difficult to reconcile with the principles of professional discussion and the presumption of good faith among participants in the debate.

The author is fully entitled to consider the project:

- flawed;
- economically unviable;
- excessively risky.

All of these fall within the scope of professional judgment.

However, there is a fundamental difference between the statements *that a project will fail* and *that the project's founders intend to implement a fraudulent scheme*.

The first is a professional opinion. The second is an accusation.

Accusations of this nature require evidence.



No such evidence is presented in the analysis.

Moreover, the existence of a substantial body of published materials directly related to the subject of the accusation, combined with the absence of any analysis of those materials in the relevant section of the document, raises legitimate questions regarding the quality of the analysis and the reliability of the conclusion reached.

Therefore, the claim regarding fraud, pump-and-dump schemes, and the team's hidden motives does not follow from the published Nostro architecture, is not supported by the materials presented, and remains an assumption of the author of the analysis rather than a substantiated conclusion.

Table of facts contradicting the conclusion regarding pump-and-dump, fraud, and hidden team motives

#	Fact	Source
1	Nostro is not raising funds through a token sale. The raise is structured through a SAFE on Wefunder, not through selling N-Coin to the public. Investments are processed through Wefunder and regulated under U.S. Regulation Crowdfunding.	https://wefunder.com/nostro.corp
2	No funds are accepted prior to the filing of Form C. The website explicitly states: "No part of the purchase price will be received until a Form C is filed and only through Wefunder's platform."	Website
3	The raise is conducted through regulated crowdfunding, not through an anonymous crypto wallet. This breaks the core mechanics of a traditional crypto scam.	https://wefunder.com/nostro.corp
4	The round is structured as a SAFE, not as a token purchase.	The website states: "We're raising €5M through a SAFE."
5	A \$50K Wefunder launch threshold exists. Prior to the launch of the round, "Nothing moves until the round goes live."	Website disclaimer
6	The round terms include rolling closes and milestone-based logic. The website states that rolling closes are processed under Wefunder procedures and that each tranche is released only after verified milestone	https://nostro.pro/investment-thesis.html



	completion.	
7	Funds are allocated to development, licensing, team building, and market entry. The allocation is publicly disclosed: €1.5M core system, €1.8M licensing/legal/IP/compliance, €0.8M hires, €0.9M market entry.	Website
8	The model is not based on artificially inflating the price of N-Coin. N-Coin is required for transaction capacity, meaning it serves business transaction volume rather than speculative price pumping.	Website; Chapter 3 of this document
9	N-Coin is not intended for daily payments. It is described as a core system asset for economic circulation and internal liquidity. It is not a memecoin and not an object of crowd-driven hype.	Website; Chapter 3 of this document
10	N-Coin has a functional purpose. The amount of N-Coin determines how much value a business can process through Nostro Token.	Website; Chapter 3 of this document
11	Coins are not transferred when rented; they are locked. This reduces the logic of “dumping” the asset because the core utility is tied to locked capacity rather than selling tokens to the crowd.	Website; Chapter 3 of this document
12	The model declares a price floor rather than a pump cycle. N-Coin “never drops below nominal” and Nostro guarantees full buyback of the circulating supply.	Website; Chapter 3 of this document
13	Fiat exit is defined in advance. Users can redeem both N-Coin and N-Token at their fiat peg value, less applicable fees	Website; Chapter 3 of this document
14	N-Token is burned upon exit, while N-Coin is returned to Nostro. This is a closed-loop liquidity model, not a scheme designed to “dump the asset on later participants.”	Website; Chapter 3 of this document
15	Nostro does not sell its coins below €1. This is stated across all project materials and directly contradicts the logic of a manipulative asset dump at any price.	Website; Chapter 3 of this document, architecture solution
16	The N-Coin issuance model is disclosed as a 50/50 structure. Half flows into the market, while half supports	Website



	liquidity and generates yield. Utility drives demand, while policy maintains balance. The company retains 50% of issuance within the system for liquidity, settlement operations, and revenue generation from network activity. This creates a long-term economic incentive to operate the infrastructure rather than simply sell the asset.	
17	Demand growth in the model is intended to be balanced through supply policy. This is the opposite of a pump-and-dump scheme, where the organizer benefits from artificial scarcity and uncontrolled price appreciation.	Website
18	The architecture of N-Token, N-Coin, and the Nostro blockchain is publicly disclosed on the website. Chapter 4 already notes that the published information was sufficient for the author to produce a twelve-page analysis of the project's mechanics.	Website; Chapters 3 and 4 of this document
19	The Data Room is presented as a repository of evidence, numbers, models, and assumptions. This is the behavior of a project that discloses its model to investors rather than concealing it.	Website
20	Project risks are disclosed in the Investment Thesis. It explicitly includes a section titled "Risks. Managed and priced." This is not the behavior of a scheme attempting to conceal risk.	Website
21	A legal disclaimer is provided. The Terms explicitly state that the website does not constitute investment advice, a public offering, or a solicitation to purchase securities.	Website
22	The legal structure is disclosed. Nostro Corp., a Delaware address, and Delaware governing law are publicly identified.	Website, Data Room
23	The project is publicly built around licensing. SBL, EMI, crypto licenses, and PCI DSS are identified as part of the budget and execution plan.	Website
24	Compliance is part of the architecture, not a decorative feature. The Fixing the Anomaly page explicitly states: "Compliance is not the cost of doing business. It is the reason this business can exist."	Website
25	Transactions are required to be logged on the blockchain. "Every transaction is logged. Every fiat flow is tracked." This is the opposite of the logic of an opaque scheme.	Website



26	Access to data is segmented, but regulators, banks, and courts may obtain access when legally justified. This is not a dark pattern. It is a regulated permissioned framework.	Website
27	N-Token is built for EMI licensing, and N-Coin is built for crypto licensing. The assets are not designed to operate outside the legal framework; they are designed specifically for it.	Website
28	Early investors receive SAFE/equity exposure rather than simply a token backed by promises. This represents a fundamentally different incentive structure.	Website
29	The premium N-Coin allocation is described as being disclosed on Wefunder once the campaign goes live, not as a hidden side deal.	Website
30	Fiat exit for the early premium allocation is phased until sufficient profit reserves have accumulated. Even the bonus mechanism does not promise immediate cash-out at the expense of later participant.	Website
31	The amount of N-Coin is determined by the volume of transactions a business is capable of processing through the system. Therefore, demand for N-Coin within the model is tied to participants' economic activity rather than expectations of price appreciation.	Website
32	The economic function of N-Coin is tied to supporting commercial activity and the system's internal liquidity. Demand growth within the model is linked to increased business use of the network.	Website
33	The model's profitability is tied to network usage, banking integrations, transaction volume, and system economics, rather than to the mandatory sale of N-Coin to new participants.	Website; Investment Thesis; models in the Data Room
34	N-Coin is used as an infrastructure asset within the system and is not positioned as an investment token intended solely for resale at a higher price.	Website; Risks section (Howey Test); Chapter 3 of this document
35	The architecture includes buyback and conversion mechanisms for users exiting the system. Exiting the system is part of the stated model and does not depend on the arrival of new buyers.	Website; Chapter 3 of this document



36	The project architecture includes licensing, banking integrations, compliance, and the long-term operation of financial infrastructure. The economic model is oriented toward ongoing operational revenue rather than a one-time asset sale event.	Website; Chapter 3 of this document
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Conclusion

The most serious accusation in the entire analysis is supported by the least amount of evidence. In substance, the author's conclusion is based primarily on emotional value judgments rather than on an analysis of the facts and mechanisms underlying Nostro.

4.26. The author's concluding questions

The author concludes the analysis with eight questions. In substance, those questions are precisely what Sections 4.10–4.24 of this document have been dedicated to addressing.

#	Author's concluding question	Where addressed
1	Who is the specific customer?	4.11, 4.14, Data Room
2	What customer job is currently being performed poorly?	3.1, 4.2, 4.3
3	Why is the existing alternative inadequate?	3.1, 4.2, 4.3, 4.4, 4.5
4	What pilot can realistically be conducted within the applicable regulatory framework?	4.10
5	Who is willing to provide workflow access, data access, or a paid commitment?	4.14, 5.1
6	Why has this particular team earned the right to enter the market?	4.15, 5.1
7	Why is a proprietary two-token model necessary?	3.3 - 3.8, 4.6 - 4.8
8	How can the initial use case expand into a large and scalable market?	4.23, 4.24, 5.2

Thus, the questions raised by the author do not remain unanswered.



On the contrary, a substantial portion of this document is devoted precisely to their detailed examination.

Part II. Is the project investment-ready

Throughout the analysis, the author repeatedly concludes not only that the Nostro project lacks sufficient investment attractiveness, but that it is fundamentally unprepared to raise investment capital.

In particular, the author states:

“In its current form, I do not believe it has any realistic prospects of successfully attracting venture capital investment. Rather, it may mislead more trusting individuals among non-professional investors.”

“The economic rationale behind the concept is extremely weak and is built entirely on speculation about the behavior of a non-existent customer in an abstract world.”

“These are not the kinds of projects that can be made economically viable within the framework of a venture-backed startup by a team lacking the relevant experience.”

“Thus, they have failed to demonstrate why an early-stage startup, with no indication of experience in serious institutional finance, no understanding of a viable market entry wedge, and no meaningful support, should begin by building some form of infrastructure.”

“Based on what I have seen, the team's right to enter this market remains unproven.”

“Nostro’s financial model reads more like a top-down fantasy than a description of customer behavior and a mechanism for sustainably capturing a portion of validated customer value.”

“All of this describes a reality that does not yet exist and one that no investor would find credible.”

The author further argues that the project does not meet the criteria of investment readiness:

“At the Pre-Seed stage, the team must build a sufficient level of evidence-based confidence, gradually replacing its highest-risk assumptions with observable facts.”



“If a team is serious about operating in the market, its efforts should be focused on one thing only: gaining access to its first customer...”

“Only after such validation has been achieved does it make sense to discuss scaling the solution to additional participants, expanding into new markets, or assuming an infrastructure role.”

“In the public materials and in the pitch presented to you, I did not see this...”

“Until such evidence is produced, the project cannot be considered ready for presentation to investors.”

Thus, the author effectively advances two separate conclusions.

The first conclusion is that the Nostro project lacks sufficient investment attractiveness.

The second conclusion is that the Nostro project is not ready to raise investment capital and does not meet the expectations of Pre-Seed investors.

Because these conclusions directly concern the investment value of the project and constitute some of the central findings of the entire analysis, they warrant separate examination.

This section analyzes the extent to which these conclusions are supported by the facts presented, the project's published materials, and the generally accepted logic of venture capital investing.

Chapter 5. The Nostro investment case

The author of the analysis arrives at two key conclusions.

First, *that the Nostro project lacks sufficient investment attractiveness.*

Second, *that the project is not ready to raise investment at the Pre-Seed stage.*

These conclusions are the subject of this chapter.

The following sections examine the extent to which these conclusions are supported by the facts presented, the project's published materials, and the logic of venture investing.



5.1. Readiness for investment

The author of the analysis proceeds from the assumption that the project is not ready to raise investment because it lacks sufficient evidence demonstrating the viability of its model.

However, this is precisely the fundamental characteristic of the Pre-Seed stage.

At this stage, investors fund not a proven business, but a hypothesis, a team, and the potential scale of value creation.

Most Pre-Seed projects do not have revenue, a customer base, a completed product, or a validated business model. The purpose of raising initial capital is to obtain precisely that evidence.

Nostro is not raising investment to scale an existing business. The project is raising capital to build regulated infrastructure, obtain licenses, complete product development, assemble the team, enter the market, and validate its core market hypotheses.

At the same time, the project has already presented investors with:

- a description of the problem being addressed;
- a description of the solution architecture;
- a financial model;
- a monetization framework;
- a development roadmap;
- the structure of the financing round;
- disclosure of the project's key risks.

The author of the analysis also questions the team's ability to execute the project and whether it possesses sufficient experience to operate in a regulated financial market.

This conclusion is not supported by the facts presented.

The combined experience of the project's founders exceeds 20 years in software development and more than 45 years in regulated finance, including the banking sector.

The project is already supported by specialists with practical experience in blockchain technology, fintech, and financial infrastructure.



As the project progresses, the team will be expanded with developers, legal professionals, licensing specialists, compliance experts, banking operations personnel, and other staff required to satisfy regulatory requirements and execute the stated roadmap.

If necessary, the project can provide investors with detailed information regarding the qualifications of team members as part of the Due Diligence process.

It should also be noted that the project underwent an independent assessment of its investment attractiveness as part of the Pepperdine Most Fundable Companies program conducted by [Pepperdine Graziadio Business School](#).

Based on the preliminary evaluation, the project was placed in Quadrant B – Great Potential, a category described as a business concept with significant potential to attract funding following further development and the resolution of identified deficiencies.

At the same time, Pepperdine's observations primarily concerned issues that are typical of the Pre-Seed stage: the absence of a board of directors or advisory board, the absence of revenue, the need for further development of the corporate structure, and the need to strengthen intellectual property protection.

At the same time, a number of aspects of the project were identified as strengths. In particular, Pepperdine positively assessed the extent of the market research conducted, the scale of the market opportunity, the entrepreneurial experience of the team, prior fundraising experience in previous ventures, the management team's industry expertise, experience working with leading market participants, the founders' history of working together, the level of personal commitment demonstrated by the team, and the founders' own capital invested in the project.

It is particularly noteworthy that Pepperdine considers team experience, industry expertise, and prior entrepreneurial achievements to be factors that reduce the investment risk of the project.

Accordingly, Pepperdine's independent assessment identified a number of shortcomings typical of Pre-Seed companies, but it does not conclude that the project is impossible to implement, that the team lacks the necessary competencies, that the market hypothesis is flawed, or that the company is fundamentally unprepared to raise capital.

On the contrary, with respect to a number of key parameters, including team quality, market potential, and the investment attractiveness of the concept, Pepperdine's conclusions directly diverge from those of the author of the present analysis.

At the same time, it should be acknowledged that a number of critically important forms of evidence still remain to be obtained.



These include:

- obtaining the stated licenses;
- completing product development;
- launching the first users and business customers;
- onboarding the first institutional participants into the ecosystem;
- establishing an advisory board;
- validating market demand;
- validating the economic metrics of the model.

However, achieving these objectives is precisely the purpose of the current investment round.

For a regulated infrastructure business, obtaining licenses, completing product development, entering the market, and acquiring initial customers do not precede the Pre-Seed stage. They are the result of successfully completing it.

It is only after obtaining licenses, launching the product, acquiring initial customers and institutional participants, and validating the viability of the business model that a company has grounds to advance to the Seed stage.

Accordingly, the shortcomings identified by the author of the analysis do not constitute evidence that the project is unprepared for investment. On the contrary, they reflect the very objectives that the project intends to achieve through the capital being raised.

Nostro is a Pre-Seed stage company and carries the risks characteristic of that stage. However, the project possesses a sufficient level of development, disclosure, industry expertise, and investment rationale to raise capital at its current stage of development.

5.2. The scale of potential value creation

The author of the analysis concludes that the project lacks sufficient investment attractiveness.

However, the analysis does not address the key question: *how realistic are the underlying assumptions of Nostro's financial model?*

The project's public model is not based on an assumption of market dominance. It is not based on an assumption of displacing banks. Nor is it based on an assumption of capturing a significant share of the global economy.



The base-case scenario underlying the model assumes the attraction of capital equivalent to just 0.5% of the cryptocurrency market's capitalization. This percentage forms the foundation of the project's published return projections.

The question of the project's investment attractiveness therefore effectively comes down to a single issue: *how realistic is it to capture 0.5% of the market?*

In the view of the project's founders, this assumption is conservative. The idea of attracting a few tenths of one percent of the existing cryptocurrency market does not require the creation of a new economy. It requires the reallocation of liquidity that already exists.

At the same time, regulators around the world are actively seeking ways to move digital assets from purely speculative circulation into regulated economic activity.

The author argues that the project's competitive analysis is fundamentally flawed and that the market participants presented within it were selected arbitrarily. In particular, the author writes: "I will not go into detail regarding what is wrong with the competitive analysis. Everything about it is wrong..." The author further argues that the team: "appears to define competitors using a self-created checklist..."

However, the market examples used in the analysis are not merely theoretical constructs.

In particular, the project team itself opened corporate cryptocurrency accounts with Barclays and Royal Bank of Scotland and studied the practical limitations of the existing banking infrastructure for businesses seeking to work with digital assets.

This experience demonstrates that demand from businesses for access to cryptocurrency liquidity already exists. However, existing solutions primarily facilitate the movement of funds between the banking system and regulated cryptocurrency exchanges. They do not solve the problem of enabling the full use of digital assets in the day-to-day commercial activities of companies. On the contrary, they tend to encourage speculative activity and contribute to the growth of overall cryptocurrency market capitalization.

Similar conclusions were reached through the project's analysis of the retail user market.

In particular, the project examined the experience of Trustee, which succeeded in attracting more than 500,000 users despite operating without its own financial licenses. This case was used as one of the foundations for developing the conservative user adoption scenarios incorporated into Nostro's financial model.



Accordingly, the metrics used in the model are not based on arbitrary assumptions. They are based on the analysis of existing market participants, real-world user behavior, and the team's practical experience interacting with the current financial infrastructure.

Businesses are already looking for ways to utilize cryptocurrency liquidity. Users are already looking for ways to use digital assets beyond cryptocurrency exchanges. Regulators are already seeking ways to integrate digital assets into the regulated economy.

The Nostro project is built precisely at the intersection of these three existing trends.

Therefore, it is not sufficient to argue that the published projections appear overly optimistic in order to support a conclusion that the project lacks investment attractiveness.

It is necessary to demonstrate why achieving 0.5% of the market is fundamentally impossible.

No such demonstration is provided in the analysis.

At the same time, the project does not ask investors to accept this assumption on faith.

The project's website discloses the logic underlying the forecast model, including descriptions of the target user groups, anticipated use cases, liquidity acquisition mechanisms, the structure of business demand, and the system of conservative assumptions and adjustment factors used in constructing the financial projections.

Accordingly, the published valuation is not based on the arbitrary selection of a desired outcome. It is based on a specific model of participant behavior within the ecosystem and the anticipated scale of their economic activity.

The author of the analysis does not provide an alternative estimate of the addressable market. He does not propose an alternative development scenario for the project. Nor does he present an alternative financial model.

In practice, the published model is rejected not as a result of economic analysis, but on the basis of a subjective assessment of its plausibility.

Moreover, even a partial achievement of the stated targets could create value many times greater than the company's current valuation.

It is precisely this asymmetry between risk and potential upside that represents one of the principal reasons venture capital is attracted to early-stage projects.



5.3. Company valuation and the rationale behind the current funding round

The current Nostro funding round is structured through a SAFE and targeted to raise €5 million in exchange for 5% of the company.

Accordingly, the implied post-money valuation upon completion of the round is €100 million. This valuation is a direct consequence of the project's published financial model and the structure of the assets being created.

The author of the analysis repeatedly points to the absence of current revenue, customers, and validated financial metrics. However, this criticism does not, by itself, answer the question of how a company at the Pre-Seed stage should be valued.

The project's base-case scenario is built around capturing capital equivalent to approximately 0.5% of the cryptocurrency market's capitalization.

At the current market size of approximately \$3.5 trillion, this corresponds to roughly \$17.5 billion of capital within the system.

The project's conservative model assumes that within five years it will achieve:

- 1.2 million users;
- 20,000 companies;
- more than 50 independent revenue streams;
- proprietary banking, payment, and blockchain infrastructure.

Accordingly, the question of the project's investment attractiveness does not depend on the existence of current revenue. It depends on the realism of achieving 0.5% of the cryptocurrency market through the project's published model for attracting users, businesses, and capital.

If an investor believes that attracting 1.2 million users, 20,000 companies, and achieving 0.5% of the cryptocurrency market is impossible, then investing in the project makes little sense regardless of the company's valuation.

However, if an investor considers such a scenario to be realistic, a different question arises.

Is a €100 million valuation excessive for an infrastructure project that could potentially support an economic system containing approximately \$17.5 billion of capital?

A €100 million valuation represents less than 1% of the target capital volume underlying the project's published financial model.



In addition, any assessment of risk should consider not only the success scenario but also the downside scenario.

A significant portion of the capital being raised is directed not toward marketing expenditures or short-term resource consumption, but toward the creation of long-term infrastructure assets.

These assets include:

- licensed banking infrastructure;
- developed software;
- intellectual property;
- regulatory and legal documentation;
- compliance and control procedures;
- payment system integrations;
- PCI DSS certification;
- established operational infrastructure.

In addition, a portion of the bank's required capital represents a regulatory capitalization requirement and remains within the financial institution as part of its capital base.

Accordingly, even in the event that the original hypothesis is only partially realized, investors retain ownership in a company holding licenses, technology, infrastructure, and other assets with independent economic value.

Therefore, investor risk should not be viewed as a choice between complete success and a total loss of company value.

In practice, the investor is choosing between two hypotheses:

- achieving the stated scale is fundamentally impossible;
- achieving the stated scale is sufficiently realistic to justify financing the project at an early stage.

Accordingly, the subject of the discussion should not be the valuation itself, but the realism of the assumptions on which that valuation is based.

If the assumptions underlying the model are incorrect, the project has no investment merit regardless of valuation.



If, however, the assumptions are even partially achievable, then a €100 million valuation does not appear disproportionate to the stated scale of the infrastructure being created or to the residual value of the assets being built.

5.4. Potential returns and outcome asymmetry

Once the realism of the model's assumptions has been assessed, the next question becomes: what potential outcome does an investor receive if those assumptions are realized?

According to the project's published financial model, the base-case scenario assumes:

- capital inflows equivalent to 0.5% of the cryptocurrency market;
- the issuance of approximately €16 billion in N-Coin;
- cumulative system profit of approximately €3.5 billion during the first five years of operation.

Of that amount:

- approximately €2 billion is attributable to the Nostro Token economy;
- approximately €1.5 billion is attributable to the Nostro Funds Rate mechanism.

The published model therefore contemplates the creation of an infrastructure capable of generating billions of euros in financial results.

For an investor, the key consideration is not only the probability of success, but also the scale of the outcome if success is achieved.

In the current round, investors are being asked to finance a company valued at €100 million.

At the same time, the published financial model projects the creation of a system generating approximately €3.5 billion in cumulative profit during its first five years of operation.

Even using a P/E = 1, the implied business value would be approximately €1.5 billion, representing roughly a 15x increase over the company's current valuation.

Using a P/E = 25, the implied business value would be approximately €37.5 billion, representing roughly a 375x increase over the company's current valuation.

Importantly, these figures are derived solely from the project's published public financial model and do not incorporate additional growth scenarios, new revenue streams, international



expansion, ecosystem growth, or any other factors that could affect the company's ultimate value.

Accordingly, the investment decision effectively comes down to evaluating the following asymmetry:

- a limited initial investment;
- the existence of substantial residual asset value even under an adverse scenario;
- potential returns of approximately 15x even when applying a P/E = 1;
- potential returns of approximately 375x when applying a P/E = 25.

For most venture investments, a return exceeding 10x is already considered a successful outcome.

The published Nostro model projects potential returns above that threshold even under its most conservative base-case scenario.

Chapter 6. Questions an investor should ask themselves

Before accepting or rejecting the Nostro investment opportunity, a rational venture investor should ask themselves the following questions:

- Is achieving 0.5% of the cryptocurrency market truly an impossible scenario?
- Is attracting 1.2 million users and 20,000 companies within five years truly an impossible scenario?
- If I believe these targets are unattainable, what facts support that conviction?
- Do the identified risks constitute evidence that the project is impossible, or merely evidence that risk exists?
- What is the probability that at least some of Nostro's core hypotheses prove to be correct?
- What is the potential cost of being wrong if the project ultimately succeeds?
- How often do infrastructure projects appear overly ambitious at the Pre-Seed stage?
- If the project's public model is realized even partially, is the current company valuation truly excessive?
- What level of risk-adjusted return do I typically consider acceptable for venture investments?
- How many companies in my investment portfolio offer potential returns of approximately 15x even under the most conservative valuation scenario?
- How many companies in my investment portfolio offer potential returns of approximately 375x if their core hypothesis is realized?
- Do the facts presented justify a categorical conclusion that the project is impossible?



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- What would need to happen over the next five years for my negative assessment of the project to prove incorrect?
 - What happens if the project succeeds without my participation?
 - Am I rejecting this opportunity because the project is genuinely incapable of succeeding, or because the probability of being wrong appears too high?
 - Which would ultimately be the more costly mistake: investing in Nostro and losing my investment, or declining to invest in a project that later succeeds?
 - If Nostro proves successful ten years from now, will I be able to rationally justify today's decision not to participate?
 - If companies in my portfolio end up using the Nostro infrastructure, should I own a stake in the infrastructure itself?

Overall conclusion

Which risks the analysis identifies correctly

The analysis correctly identifies a number of significant risks that do, in fact, exist and should be considered by any potential investor.

First, the project is at the Pre-Seed stage and does not yet have a validated business model. At the time of this document, Nostro does not have a completed product, active licenses, a verified customer base, recurring revenue, or the other forms of evidence that typically emerge at later stages of a company's development.

Second, the project involves the creation of regulated financial infrastructure. Implementing such a model requires obtaining licenses, engaging with regulators, establishing compliance systems, building banking and payment partnerships, and overcoming substantial legal, operational, and organizational barriers.

Third, the project has yet to validate market demand for its proposed solutions. While the underlying hypothesis may be logically sound, the actual level of commercial interest from users, businesses, and institutional participants may differ from expectations.

Fourth, the published financial model contains forward-looking projections based on assumptions regarding future market behavior. Actual results may prove either higher or substantially lower than the projected figures.



Fifth, the project operates in an industry characterized by significant regulatory uncertainty. Changes in legislation, regulatory requirements, digital asset frameworks, or banking regulations may affect both the timing of execution and the economic parameters of the project.

Finally, it should be acknowledged that Nostro is a highly complex infrastructure hypothesis. Even if the underlying economic logic is correct, the project may fail to achieve its objectives due to execution errors, insufficient capital, changes in market conditions, competitive pressures, or other factors commonly associated with early-stage venture investments.

All of these risks are real.

However, the existence of risk is not, by itself, evidence that a project is impossible. It simply means that any investment decision should be made with a clear understanding of the uncertainty involved and the potential scale of the opportunity being created.

Which conclusions of the analysis are not supported by the facts presented

Over the course of twelve pages, the author describes Nostro as a quasi-instrument, a quasi-product, a surrogate, a surrogate layer, a theatrical construct, worthless tokens, an opaque financial product, and a fantasy.

More than one hundred and thirty pages of this document have been devoted to examining the extent to which such rhetoric is supported by evidence.

The more categorical the author's conclusions became, the weaker their supporting justification proved to be.

As a result, the section of the analysis in which the author expresses the greatest degree of certainty ultimately turned out to be its weakest part.

Accordingly, after completing this review, the questions no longer concern Nostro's alleged quasi-products, but the analysis itself.

We will not apply the author's own standards to his work and describe it as a quasi-analysis supported by surrogate arguments, a theatrical evidentiary foundation, and pseudo-conclusions.

Instead, with full respect for the author, we would like to thank him for the time and effort devoted to the project, particularly given that the work was performed on a voluntary basis.



The Nostro project is genuinely difficult to understand upon first encounter due to the novelty and unconventional nature of the model itself.

We view this analysis not as a definitive conclusion regarding Nostro, but as a professional attempt to understand the project.

Following the review presented in this document, we invite the author either to provide a more compelling justification for his conclusions or to reconsider them in light of the facts set out herein.

We would be pleased to answer any additional questions.

Respectfully,

Kyryll Yevseiev & Nostro team

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20.06.2026