Ni □ Fi

everscale

nifex.io

MVP development

Grant application

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nifex.io: mission and instruments

- Mission - universal on-chain debt platform (for NFT Notes issuance and flotation)
  - Highly scalable ecosystem of debt Notes issuance, trading and redemption
  - Fast and low-cost issuance of short-term debt: maturity up to 6 months
  - Ability to raise debt with limited or no collateral
  - Easy adoption by wide public and mid size businesses
  - No liquidity-supporting costs for issuers (as compared to token issuance)
  - Close integration with classic NFT markets
- Instruments and mechanics:
  - Debt notes as True Non-Fungible Tokens (all data is on-chain)
  - All-on-chain solution: debt issuance, trading and redemption
  - 'Three-clicks' UX: easy Notes issuance and trading, automated redemption
  - Automated Notes redemption system:
    - System of special reserves AND collaterals (eg plain NFTs)
    - System of subsidiary liabilities of Note holders

Competition

- There are no direct competitors with comparable to Nifex business model

	Description	Comments
nftfi.com	ERC-721 platform for NFT-collateralized loans. Lacks a number of important features	Active for 2 years, quasi-zero volumes, empty list of loans
syncbond.com	ERC-721-based. Completely different nature of the instrument - it is not an individual debt but staking certificate. Non-comparable	Has a number of rather strange features, looks as not mature
Telos T-Bond	Misses several important features that substantially reduce attractiveness of the instrument	Launched 2 years ago, not realized so far

Nftfi.com
interface and
dappradar data
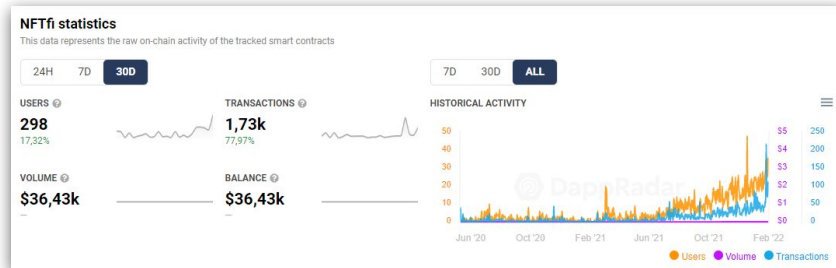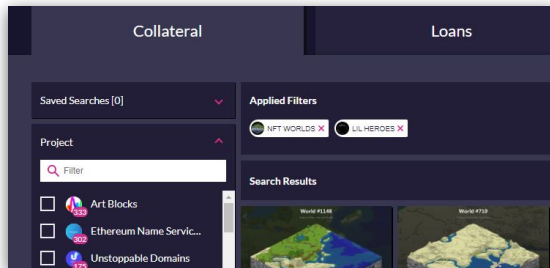
Target audience and legal issues

- nifex.io targets very wide audience of users in three main roles:
  - Debt originators: individuals or small businesses seeking short-term financing
    - Both collateralized and non-collateralized (eg with plain NFTs etc)
    - At the initial stage - largely individuals involved in NFT business
  - Lenders and guarantors: parties with substantial assets (cryptocurrency/NFTs)
  - Traders: parties with limited assets actively involved in Notes turnover exchange
- Notes substantially replicate important financial prototype - promissory notes
  - Notes use the principle of subsidiary liability
- Notes are not to be qualified as securities in major jurisdictions due to
  - The nature of the debt: individual non-standard debt
  - Maturity term: up to 6 months
  - Underlying activity: short-term financing of ordinary business
  - Max volume: up to USD 200k equivalent

Unique value proposition

- **The ONE-AND-ONLY**
- **ACTUALLY functioning**
- **fully ON-CHAIN**
- **NFT debt platform**

- **No REAL competitors**
- **No ANALOGUES**

BUT

- **SOLID and SCALABLE solution**
- **HIGH liquidity**

Main operational schema: issuance

- The Issuer *might* offer some assets (eg NFTs) as collateral to cover his new debt
- The Issuer *might* apply for a guarantee to a Guarantor
- Once price of the debt is agreed, the Issuer issues the debt Note to Payee who can sell it further to Holder-1 etc

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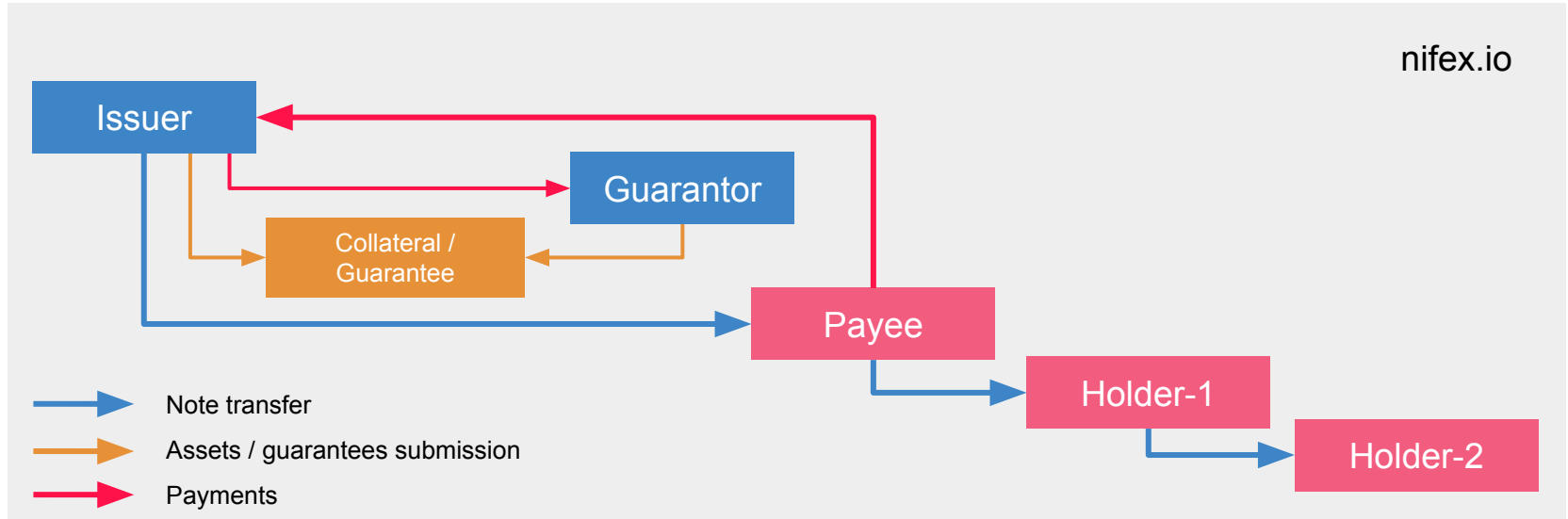
Main operational schema: redemption

- Upon maturity ultimate Holder-2 will present the Note to the Issuer
- If not duly paid, the Note automatically presented to: Guarantor, Payee and Holder-1
- The Note is being redeemed from respective reserves, step-by-step
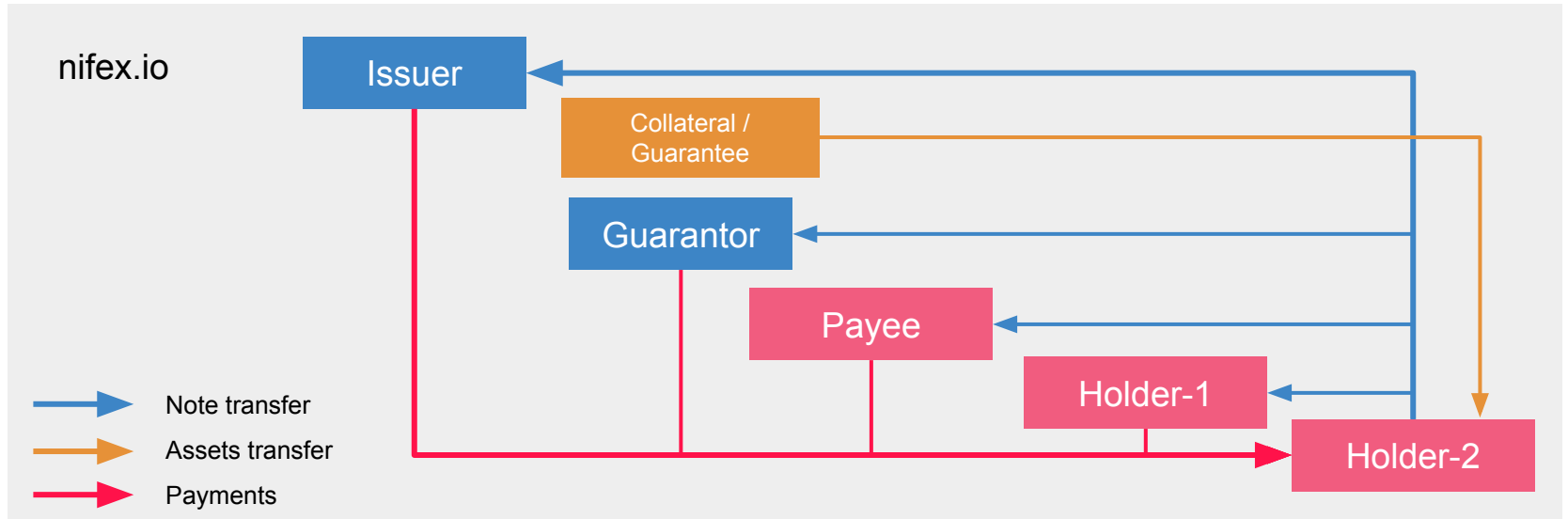
Smart contracts 1

- Nifex administrator controls roots of contracts but not resulting transactions

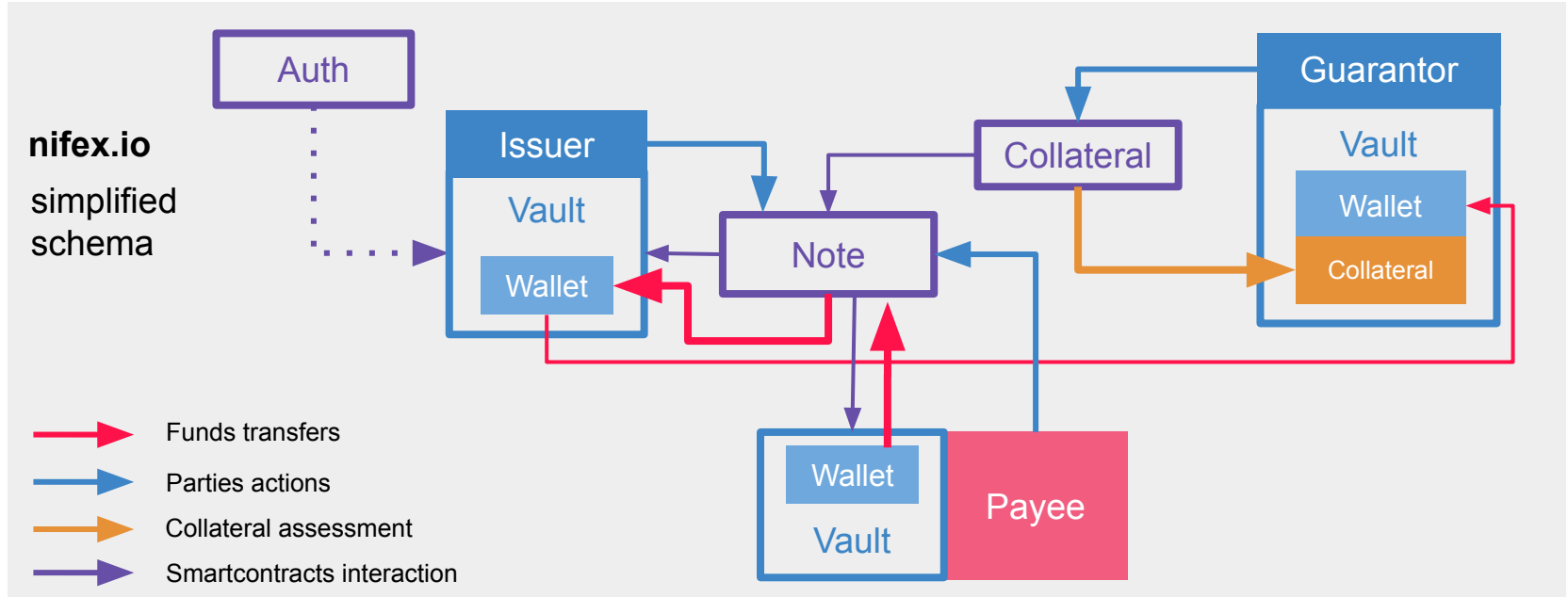|	Description	Comments
Root Father	Special contract used to verify validity of smart contracts ● Contains root addresses of all active contracts of the system ● Prevents usage of non-authorised contracts	Controlled by Nifex administrator
Vault	Special contract controlling all Users' TIP-3 Wallets within Nifex ● Controls reserved funds in the Wallets ● Responds to Note contract and sends funds to repay debt from a) reserves and b) other available funds	One Vault per User only
Wallet	Special TIP-3 wallet able to reserve funds, controlled by Vault	One Wallet per TIP-3 token

Smart contracts ②

- Nifex smart contracts allow to perform all necessary transactions on-chain

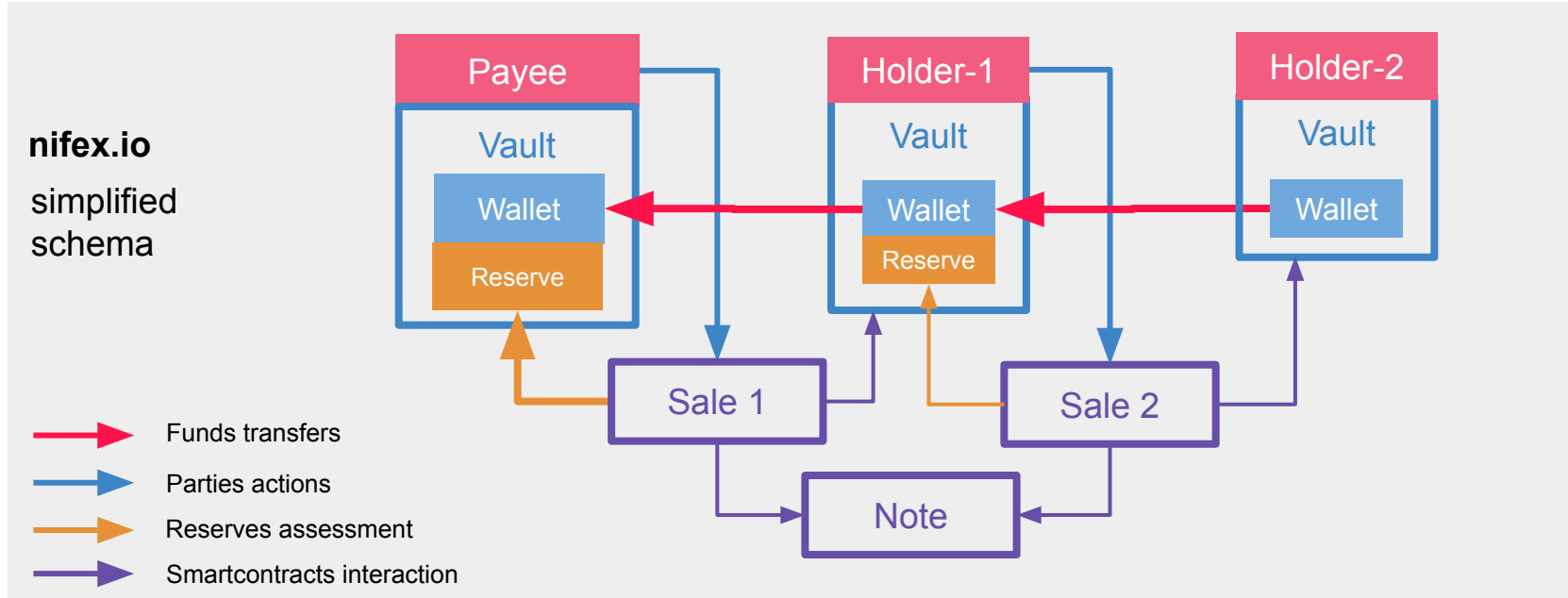|	Description	Comments
Note	The contract that carries all mutual liabilities among parties ● Keeps records of all liable parties and respective sums ● Controls the whole procedure of debt repayment by all involved parties, step by step, in iterations	Core contract
Collateral	The contract manages a collateral (like an NFT or funds reserve within the Wallet) for the benefit of Note contract	Optional, not required
Sale	Note selling contract ● Controls transfer of Note title and funds ● Invokes creation of reserves within respective Vault	
Auth	KYC contract, supported by external off-chain service ● Identifies Users ● Controls limits for transactions according to applicable laws	Used to setup Vaults

Stage 1: initiation

- Auth contract implies KYC and controls limits available to Nifex users
- At the Note initiation the Issuer *might* seek a collateral from a Guarantor (for a fee)
- Once Issuer and Payee agreed on price, the funds are sent by Note to the Issuer

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simplified schema

Legend:
- Funds transfers
- Parties actions
- Collateral assessment
- Smartcontracts interaction

Stage 2: sale

- Payee and further holders can sell the Note, but part of the proceeds will be locked
- Size of locked funds (reserves) is declining along chain of holders
- The system guarantees clear and balanced economic incentives for all participants

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simplified schema

| Payee | Holder-1 | Holder-2 |

Vault · Wallet · Reserve

Sale 1 · Sale 2 · Note

Funds transfers
Parties actions
Reserves assessment
Smartcontracts interaction

Stage 3: redemption

- Upon maturity ultimate Holder-2 will initiate redemption process
- Note contract starts automatic redemption, from the Issuer to Guarantor etc
- All collected funds are sent to Holder-2, step-by-step, until the debt is fully paid
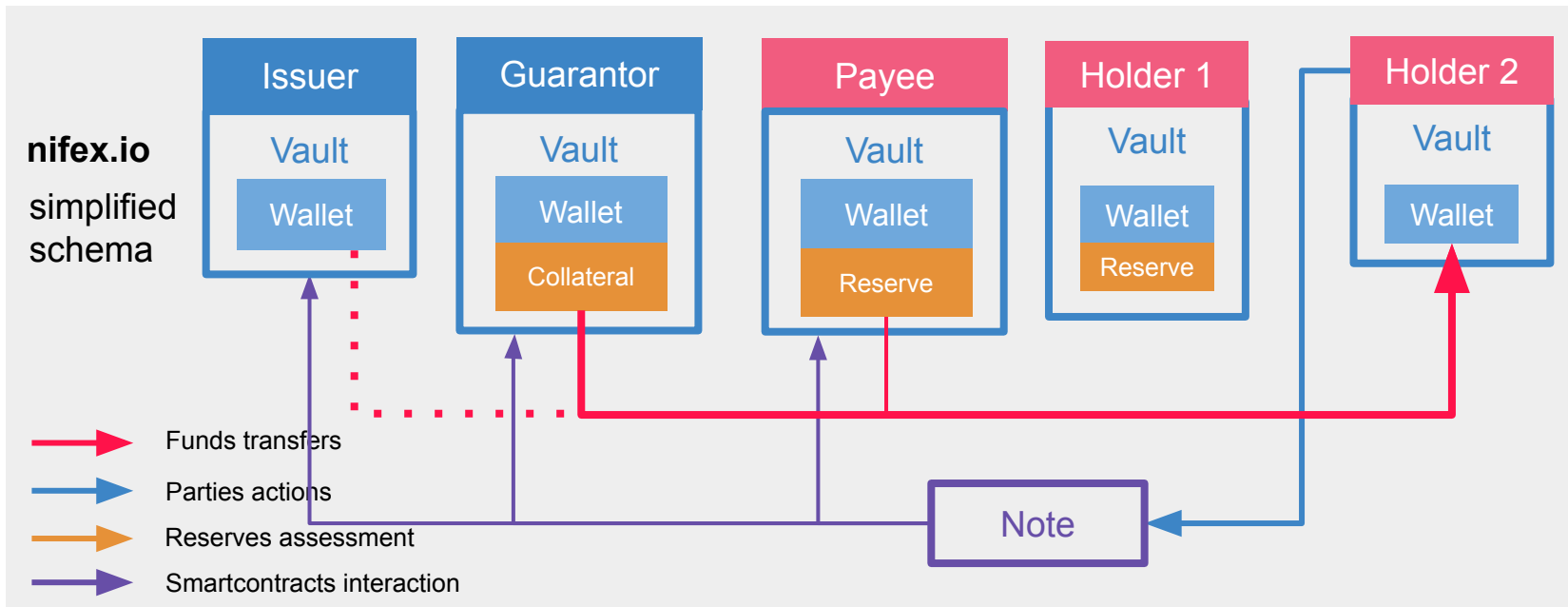
MVP scope and timing

- This application implies development of MVP, which involves following
  - Development of all mentioned above smartcontracts on Everscale blockchain
  - Development of web (desktop and mobile) & simplified mobile applications
- Applicable limitations
  - Single TIP-3 token for debt issuance and repayment (no exchange facilities)
  - The only type of collaterals - collateralizable TIP-3 NFTs (eg used by NiFi Club)
  - Simplified KYC procedures
- MVP stage term - 4 months
- Financing sought - equivalent of USD 40,000
- Budget allocation:
  - Development: USD 30,000
  - Infrastructure and integrations: USD 1,000
  - Legal and compliance: USD 4,000
  - Other: USD 5,000

Post-MVP activities and marketing

- MVP budget doesn't include marketing expenses and tokenomics
- Post-MVP activities:
  - Pilot marketing
    - Preliminary budget: USD 20,000
    - Main goal: to establish unit economics and develop mid-term business plan
  - Issue own token
    - Decide on size of the issue and listings
  - Pre-production platform testing and refactoring
    - Development of full-scope mobile application
    - Development of production level KYC procedures
  - Pre-production legal assessment and tuning of business processes

Partners, team and contacts

- Key partner of the project - NiFi Club (beta.nifi.club)
- Nifex.io will be largely realized by NiFi Club team
  - Additional developers will be attracted to realize some specific tasks
- Contacts:
  - Alexander Zvezdin, zvezdale@gmail.com, @azvezdin, +7 926 531 2200