



INVESTMENT MEMORANDUM • CRYPTO OTC ROOM

Trustless atomic settlement for institutional crypto OTC. \$1M pre-seed at a \$10M post-money cap.

Hashlock Markets • Delaware C-Corp, File #10561489 • October 2026. The full investment case in one document: thesis, problem, product, market, model, moat, risks and the ask.

100%

Atomic or full refund

6

Chains live on mainnet •
BTC ETH Base Robinhood
Tron SOL

2 + ext

Internal rounds + QuillAudits

+109%

OTC growth YoY • Finery '25

01 • Thesis

The investment thesis

Every large crypto OTC trade — a BTC miner liquidating block rewards, an exchange desk filling a client order, a hedge fund or family office moving size — faces counterparty risk at the moment of settlement. Today that risk is absorbed by a human escrow agent or broker who holds the funds, takes a spread, and can fail, stall or defraud.

Hashlock removes that risk structurally. Using dual hash time-locked contracts, **both sides of a trade either complete atomically or fully refund by timelock**. No intermediary ever holds custody. The contract is the escrow. Distribution runs through a Telegram-native bot that drops directly into the chat-based deal flow OTC desks already operate. One protocol, one revenue mechanic: a volume-tiered settlement fee on notional.

The same contract is callable by software. A desk reaches it through the Telegram channel it already deals in, a venue through the `/v1` REST API, an agent through the MCP server — one escrow underneath all three. That matters because the counterparty mix changes over time. A desk is a person deciding a few times a day; an agent is a program deciding continuously. **As autonomous software takes on more of the transacting, the share of flow that cannot use a human escrow agent rises — and it lands on a rail that is already live rather than one that still has to be built.**

02 • Problem

Settlement is the unsolved layer

The cost of the missing rail is documented: [~\\$12.9B lost, 2022—2025](#) — ~\$8.0B in FTX's customer accounts (U.S. court records, 2022), ~\$3.4B owed to Genesis creditors (Chapter 11 filings, January 2023), and \$1.5B drained from Bybit custody in one night (FBI/IC3 PSA, February 2025). Each is a different flavour of the same single-point-of-failure trust model, and bridge hacks add roughly \$2B on top.

- **Counterparty and settlement risk:** bilateral OTC trades settle through trusted escrow agents, brokers or custodians — each holds client funds and is a point of failure, delay and fraud.
- **Human escrow bottleneck:** the middleman charges a spread, settles on manual timelines, and cannot scale to the volume MENA desks now clear.
- **Cross-chain fragmentation:** moving value between chains today means wrapped tokens and a bridge in the path — a recurring source of theft losses.
- **No trustless rail for size:** miners, desks and funds moving large blocks have no way to settle directly without trusting someone in the middle.

03 • Solution

Dual-HTLC atomic settlement

A cryptographic hashlock guarantees funds move only when a preimage is revealed; a timelock guarantees funds are never permanently stuck. [The result is a binary outcome — complete atomically, or fully refund — with zero counterparty risk.](#)

Hashlock implements these HTLCs natively on Bitcoin, Ethereum, Base, Robinhood Chain, Tron and Solana. No bridge, no wrapped tokens, no third-party validator set. A trade settles same-chain or cross-chain under the same atomic guarantee. Negotiation runs in a Telegram bot that fits how OTC counterparties already communicate.

The failure mode of an atomic settlement rail is refund, not loss. A trade that cannot complete returns both sides their funds by timelock. That property is what makes the risk surface narrower than a custodial venue's, and it is enforced in code rather than in policy.

04 • Status

What is built

Dimension	Status
Bitcoin	P2WSH script-based HTLC per leg, live on mainnet with 3 confirmations. No deploy required, no wrapping
Ethereum	Live on mainnet — <code>HTLCFactory</code> 0xa9B6a64837259034E949787B5d17Bfa46304ff71, chain id 1. Dual-HTLC atomic settlement verified end to end
Base	Live on mainnet — the same <code>HTLCFactory</code> address, chain id 8453
Robinhood Chain	Live on mainnet — the same <code>HTLCFactory</code> address, chain id 4663
Tron	Native TRC-20 HTLC integration — live on mainnet through a <code>SharedHTLC</code> pool contract
Solana	Native SPL HTLC integration — live on mainnet as an HTLC program with one PDA per escrow
Fee	Shipped: fee-enabled contracts and referral rebate mechanics
Security	2 internal audit rounds complete; 5-layer hardening (Slither, Halmos, Echidna, Stryker, fast-check); runtime invariant monitor live
External audit	QuillAudits — complete October 2026. \$10K of audit spend plus a \$10K bug bounty pool, already spent
Mainnet	Live across all six chains, with the protocol fee charged on settled notional. Paid settlements begin January 2027

The rail is live on mainnet and settling, with the protocol fee charged; paying-customer volume is still building. The plan is built on that, not around it.

05 • Market

The revenue beachhead

Crypto OTC moves an estimated \$10—50B daily, roughly 15—20% of all crypto trading. OTC volumes grew +109% YoY in 2025 (Finery Markets '25) against +9% on the top-20 centralized exchanges, and 78% of that flow is stablecoins — already on-chain by nature, **so the only step still requiring a human is settlement itself.**

MENA is one of the fastest-growing institutional corridors: the UAE alone received \$56B+ in on-chain value in 2024—25, +33% YoY (Chainalysis), driven by large institutional flows. BTC miners, exchange OTC desks, hedge funds and family offices in the region settle large bilateral blocks daily with no trustless rail.

Detail by segment is in Market, Customers & Competition. Compute and agent markets are a separate vertical, kept in the Compute Room, and are not part of this plan's revenue.

The second curve: agent-to-agent flow

No figure in this plan depends on it. But the same primitive is already live for machines: the MCP server is in production, and an agent running it locally with its own keys can run the whole loop — request, negotiate, fund, claim — with no human in it. The evidence that the category is real is measured, even though our own is not yet: Coinbase's x402 settled 165M+ transactions and \$50M+ of volume in its first year across 69K active agents (Chainalysis, April 2026) — all of it through custodial escrow. Citi Ventures puts agentic commerce at ~\$1.7T by 2030 at ~67% CAGR, and Gartner expects 20% of transactions to be programmable by the same date. **Two things follow: an agent cannot instruct a human escrow agent, and it cannot accept a trade that half-completes — so the flow that needs atomic settlement grows with the share of commerce that machines run.** That flow needs no new product from us: it settles on the contracts that are live today, through an interface that already exists. The OTC desk is where the revenue starts; it is not where the rail ends.

06 • Model

One mechanic, one revenue line

Hashlock earns a single sub-10 bps volume-tiered settlement fee on notional, modelled at 8 bps. The rate steps down as a desk's settled volume rises: entry ~8—10 bps, desk scale ~5—6 bps, and a 3 bps floor the schedule never goes below. The exact schedule is internal and shared in diligence.

The model is capital-light by construction — Hashlock never takes custody and the contract is the escrow. The marginal cost of an additional settlement is gas relay and infrastructure, not capital, so gross margin is structurally high.

Every desk, exchange or marketplace that clears through Hashlock becomes a distribution channel. A 20% referral rebate, netted out of revenue in the plan, turns brokers and escrow operators into that channel rather than competitors.

07 • Moat

Why it is defensible

Defensibility is not a single feature; **it is the set of capabilities a competitor has to replicate simultaneously.**

- **Dual-HTLC mastery across six chains** — native cross-chain atomic settlement with no bridge, not a single-chain swap.
- **Native Bitcoin HTLCs** — no bridge, no wrapped BTC. Funds cannot be double-claimed or lost once locked.

- **Audit posture** — institutional-grade trust earned rather than claimed, with a completed external audit.
- **Telegram-native distribution** — Hashlock reaches desks inside the tool they already operate, so adoption costs them no workflow change.

A competitor cannot fork one primitive in two months. The full stack is not replicable in under 18 months.

08 • Competition

The real competitive set

Hashlock's competitive set sits in cross-chain atomic settlement, **not generic DeFi aggregation**.

Player	What they do	How Hashlock differs
Portal to Bitcoin	Bitcoin-focused cross-chain swaps, \$25M raised	Multi-chain across BTC, ETH, Base, Robinhood Chain, Tron and SOL, with a Telegram-native settlement bot for OTC desks rather than a DeFi-user interface
Garden Finance	Cross-chain swap protocol	OTC distribution motion rather than a retail swap product
deBridge	Validator-set bridge	Bridgeless and atomic, not validator-set-trusted
Squid	Cross-chain primitive	Dual-HTLC atomicity guarantee and Bitcoin-native settlement
CoW, 1inch Fusion, Across	EVM DeFi aggregators	Optimized for human DeFi users on EVM — no cross-chain HTLC atomicity, no BTC-native settlement, no Telegram-native OTC distribution

The incumbent OTC desks — Circle Trade, Cumberland, Galaxy, Wintermute — are all bilateral-trust. Settlement risk is absorbed by the operator. Full comparison in Market, Customers & Competition.

09 • Risk

Key risks and mitigations

Risk	Likelihood	Mitigation
Slow initial adoption	Medium	Founder-led BD into deal flow desks already run, and Telegram-native distribution that drops into an existing workflow rather than asking a desk to adopt a new venue

Risk	Likelihood	Mitigation
Smart-contract vulnerability	Low—Medium	Five-layer hardening plus a runtime invariant monitor. One completed external audit at \$10K, with a \$10K bug bounty pool. V1 mainnet contracts are immutable; V2 is gated on external audit sign-off
Regulatory reclassification	Medium	Non-custodial by construction — Hashlock never holds customer funds and timelock refunds are unilateral
Key-person concentration	Medium	Two co-founders carry the plan through August 2028. IP assignment executed, architecture and runbooks documented, and the settlement contracts are immutable — the protocol keeps clearing through team disruption
Chain or infrastructure outage	Low	Settlement runs natively across six chains, so flow reroutes rather than halts. A stalled leg refunds by timelock without any action from Hashlock
Fee compression from a larger entrant	Medium	The plan is modelled at 8 bps blended and turns EBITDA-positive in September 2027 on two people and no balance sheet. There is no custody float or inventory to defend, so the cost floor is structurally lower than a custodial competitor's
Slower mainnet than planned	Resolved	No longer a risk: mainnet is live across all six chains and the protocol fee is charged on settled notional. Mainnet was gated on the external audit, not on a marketing date, and the first four months ran on founder capital, so no slip consumed the round

10 • The ask

\$1M pre-seed at a \$10M post-money cap

YC Post-Money SAFE, cap-only standard, single close January 2027. [First institutional money into the company — no prior round, clean cap table](#). The round ships an audited, mainnet-live, non-custodial settlement rail and proves first usage.

US dollars	Year 1	Year 2
Settled volume	\$478.6M	\$3.31B
Paying desks, end of year	46	62
Net revenue	\$306K	\$2.12M
Total spend	\$655K	\$607K
EBITDA	−\$349K	+\$1.51M
Cash at year end	\$724K	\$2.23M

What this \$1M buys — seed-ready by month 18

- 64 institutional clients trading — BTC miners, OTC desks and Gulf family offices.
- \$265M monthly settled volume at month 18.
- The external audit passed and the protocol live on mainnet — non-custodial.
- A take rate measured, not modelled, and EBITDA positive without another round.

Two thirds of the round — \$650K — is a customer-acquisition budget, which is the single largest decision in the plan and the one an investor should test first: it rests on an assumed \$1,000 per qualified prospect and a 10% conversion, neither yet measured. Deferred to the next priced round: Dubai BD, enterprise sales, a Cayman foundation and MTL analysis. Canonical figures: Financial Plan & Use of Funds.

Hashlock Markets • File #10561489 October 2026 Stage: pre-seed

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