PTS

Monetary Infrastructure for the Autonomous Economy

A thesis for a global reserve asset for human and machine commerce

Research Whitepaper - Draft v0.2

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Prepared for the Points network and planned Points Foundation

Current PTS mint

`9VGTFmckbLE8A2TWEyv4ncz9nyQBpfUqHUq2qeMWJCJb`

RESEARCH & PROTOCOL DESIGN DRAFT - NOT AN OFFER TO SELL

Draft Status, Scope, and Terminology

This paper is a research and protocol-design document. It is not an offer to sell PTS, a security, an investment contract, or any other financial product; it is not investment, legal, tax, or accounting advice; and it does not promise appreciation, yield, redemption at a fixed value, or adoption by any government, central bank, financial institution, merchant, developer, or user. Forward-looking statements describe hypotheses and design objectives rather than guaranteed outcomes. References to the planned Points Foundation describe a target governance structure that remains subject to legal formation, technical implementation, and counsel review. Where governance actions are described as targets - including authority transfers, freeze-authority revocation, reserve controls, and vesting - they should not be read as completed until independently verifiable on-chain or in executed legal records.

PTS currently exists as a Solana token with a current supply of 1,000,000,000 units and six decimals. The PTS monetary-policy thesis described here is a policy of no more than 1,000,000,000 units of global *economic* supply across chains. Because the current Solana mint authority remains active at the time of this draft, the 1 billion limit is a governance policy rather than an immutable protocol constraint. The architecture proposed in this paper is intended to make that policy progressively more credibly enforceable.

Contents

1. Abstract / Executive Thesis

The central proposition of this paper is that artificial intelligence is beginning to change not merely how economic decisions are analyzed, but who - or what - is capable of participating in markets. Software agents can increasingly search, compare, negotiate, purchase, schedule, optimize, and execute multi-step objectives with bounded human supervision. The IMF describes this transition in payments as a movement from explicitly human-initiated instructions toward agent-mediated decisions, and frames the emerging architecture around three layers: intent, authorization, and settlement [1]. Microsoft Research similarly argues that the deeper consequence of generative AI may lie in reducing communication frictions between consumers and firms and enabling assistant agents and service agents to interact programmatically [2]. This paper calls the resulting system the **autonomous economy**: an economy in which humans remain principals, but software increasingly acts as delegated economic agents.

The monetary infrastructure of that economy will not emerge from a single asset. Stable fiat-denominated money is highly useful for accounting, wages, invoices, taxes, and low-volatility settlement. Public blockchains are useful for programmable ownership, global transfer, composability, and verifiable state. Existing cryptoassets offer liquidity and monetary credibility of varying kinds. PTS therefore does not begin from the premise that dollars, stablecoins, Bitcoin, Ether, or Solana must disappear. It begins from a different proposition: a growing network of human and machine participants may benefit from a **network reserve asset** whose scarcity, distribution, incentives, governance, and programmability are aligned with that network.

PTS is designed as that candidate asset for the Points ecosystem. In its first stage, PTS is a scarce digital asset used for rewards, ecosystem incentives, transfers, liquidity, and participation around financial products for humans and AI agents. In later stages, if sufficient utility, distribution, liquidity, governance credibility, and independent adoption emerge, PTS could function as a treasury asset held by agents, merchants, developers, protocols, and other economic participants. Only after those conditions exist does the phrase *reserve asset* become economically meaningful. A reserve asset is not created by declaration. It is selected by users because holding it becomes useful.

The distinction is fundamental. Scarcity can constrain supply; it cannot manufacture demand. A fixed or policy-limited quantity of an asset with no utility, liquidity, credibility, or adoption has no necessary economic value. The PTS thesis is therefore not the familiar syllogism that fiat currency depreciates, PTS is scarce, and PTS must appreciate. Rather, the thesis is that **product utility can create distribution; distribution can create network breadth; breadth can support liquidity; liquidity can support additional utility; and sufficiently broad utility can create voluntary balance-sheet demand**. The long-run reserve thesis is the possible endpoint of that process, not its premise.

The current Solana supply is 1,000,000,000 PTS. The verified genesis allocation is 30 percent Treasury, 25 percent Rewards and Marketing, 20 percent Strategic and Investor Reserve, 15 percent Liquidity and Ecosystem, and 10 percent Founders. The monetary-policy objective is that no more than 1 billion PTS constitute spendable global economic supply even if PTS later becomes native on multiple chains or migrates to a future Points Chain. Cross-chain expansion should therefore be supply-neutral: a unit created on one chain should correspond to a unit burned, locked, or otherwise removed from simultaneous spendable supply elsewhere.

The paper deliberately distinguishes **sovereign reserve currency** from **network reserve asset**. In conventional international economics, a reserve currency is a currency held by central banks and official institutions as part of foreign-exchange reserves. The U.S. dollar remains overwhelmingly dominant by that measure: it represented 58 percent of disclosed official reserves in 2024 and 57.13 percent in the first quarter of 2026 [5][6]. PTS is not presently comparable to the dollar in scale, institutional role, legal status, or liquidity. The nearer-term claim is narrower: PTS is designed to test whether an open digital asset can become a reserve and coordination asset inside a machine-mediated commercial network. If that network grows far beyond its initiating company, the long-term ceiling of the thesis becomes much larger.

> **Economic proposition.** Commerce creates distribution. Distribution creates liquidity. Liquidity enables utility. Utility can create voluntary balance-sheet demand. Balance-sheet demand is the precondition for reserve-asset behavior. None of these transitions is automatic.

The purpose of this whitepaper is therefore not to forecast a token price. It is to state a falsifiable economic thesis, describe the monetary and governance architecture necessary to test it, and identify the conditions under which the thesis should be considered wrong.

2. The Rise of Autonomous Economic Actors

Economic institutions have historically been built around natural persons and legal entities. A bank account belongs to a person or business. A cardholder authorizes a purchase. A procurement officer compares vendors. A portfolio manager rebalances assets. An employee books travel. Software has long assisted each of these tasks, but the decisive act remained attributable to a human decision-maker operating a deterministic interface.

Agentic artificial intelligence changes this boundary. An agent can receive a goal rather than a sequence of clicks: minimize cloud-compute cost subject to latency constraints; replenish inventory when projected stock falls below a threshold; buy advertising only when expected marginal contribution is positive; book travel within policy; compare insurance renewals; pay an approved invoice; or hire another specialized software service to complete a subtask. The agent interprets the objective, constructs a plan, chooses among counterparties, and may execute a transaction within delegated limits. The human remains principal, but the software becomes an economic intermediary with meaningful discretion.

This is already a recognizable research domain rather than a purely speculative narrative. Microsoft Research describes an emerging agentic economy in which assistant agents represent consumers and service agents represent businesses, potentially reducing communication frictions and reorganizing discovery and exchange [2]. Bichler defines *agentic markets* as electronic markets in which autonomous agents execute search, evaluation, negotiation, and transaction decisions, while emphasizing that lower technical search costs do not eliminate market frictions; they transform them [3]. Ante's 2026 study of autonomous AI agents in decentralized finance similarly documents agent roles across trading, governance, community, and other functions, while identifying opacity, misalignment, and centralization as material risks [4].

The economic significance is not that every agent will be fully autonomous. The important variable is the **cost of delegated action**. If the marginal cost of instructing, supervising, and reconciling an agent falls sufficiently, many activities that are uneconomic to automate today become routine. A human will not manually compare twenty software vendors every hour, rebalance a $200 operating budget across them, and switch whenever quality-adjusted price changes. A machine can. Likewise, a small business may not employ a treasury analyst, media buyer, procurement specialist, accounts-payable clerk, and travel agent; a suite of agents can approximate pieces of those functions at software-scale cost.

This creates three consequences for monetary design. First, transaction frequency can rise. The optimal granularity of payment can shrink as agents purchase narrowly defined services, API calls, compute, data, or attention. Second, counterparties become more heterogeneous. The payer may be an agent operating for a household; the payee may be a merchant, another agent, a decentralized protocol, a cloud service, or a contractor. Third, policy must be machine-readable. A human can interpret an exception in a reimbursement policy; an agent needs explicit permissions, limits, identity, and settlement rules.

The resulting economy will likely combine institutional and cryptographic rails. Regulated bank accounts, cards, ACH, stablecoins, and public-chain assets each solve different problems. The IMF's three-layer framework is useful here: **intent** describes what the principal wants; **authorization** determines what the agent is permitted to do; **settlement** moves final value [1]. The mistake would be to collapse these layers into a single token or a single blockchain. Economic architecture benefits from specialization.

The Points thesis places PTS primarily in the coordination and reserve layer, while allowing stable fiat balances and stablecoins to remain important settlement instruments. This is a deliberate design choice. A machine economy requires programmable money, but it does not follow that every transaction should be denominated in a volatile reserve asset. The more plausible system is plural: stable money for deterministic obligations; reserve assets for scarcity, liquidity, collateral, incentives, and long-horizon balance-sheet choice.

> **Research annotation.** The IMF warns that agentic payments combine probabilistic AI behavior with payment systems that require deterministic authorization and finality [1]. The implication for PTS is institutional: autonomy should not mean unconstrained authority. Agent wallets, spending policies, approval thresholds, revocation controls, and auditable execution are part of monetary infrastructure, not merely user-interface features.

The emergence of autonomous economic actors is therefore not evidence that PTS must succeed. It is the structural change that creates the problem PTS proposes to address. Whether PTS earns a monetary role will depend on whether it can reduce frictions for those actors more effectively than existing alternatives.

3. The Machine-Commerce Problem

Machine commerce is not simply e-commerce with a chatbot placed in front of it. E-commerce assumes that the human remains the center of attention: search results are displayed to a person, checkout is optimized for a person, fraud systems infer human intent, and payment credentials are issued to people or companies whose employees act on their behalf. Machine commerce moves the locus of decision-making into software. That creates a new set of transaction-cost problems.

The first is **identity and agency**. A merchant needs to know whether a software actor is authorized to act for a principal without receiving more information than necessary. The principal needs to know which agent initiated an obligation. In a world of multiple agents, sub-agents, tools, and delegated permissions, a binary logged-in/logged-out model is inadequate. The economically relevant object is a chain of authority: principal -> agent -> tool -> transaction.

The second is **bounded authorization**. Traditional card credentials are powerful because they are simple, but simplicity creates risk. An autonomous agent should not necessarily possess an unconstrained credential. It may be authorized to spend $500 per week on compute, but only with approved vendors; to initiate ACH payments, but only to previously verified counterparties; or to move cryptoassets, but only below a threshold without human approval. Authorization must be programmable, revocable, and auditable.

The third is **settlement heterogeneity**. Agents will encounter bank rails, card networks, stablecoins, public-chain assets, merchant credits, closed ecosystems, and perhaps future machine-native payment systems. Cross-border payments remain especially fragmented. BIS research in 2026 emphasizes that retail and remittance cross-border payments remain more costly, slower, less accessible, and less transparent than domestic payments, with interoperability and institutional differences among the binding constraints [19]. Federal Reserve research similarly notes the long chains, compliance costs, messaging frictions, and economies of scale embedded in correspondent banking [18].

The fourth is **economic memory**. A human may remember that a vendor overcharged last month, that a subscription is rarely used, or that an annual plan is cheaper. Agents need structured transaction histories and policies from which to optimize. A financial network for agents is therefore not only a wallet. It is also a context system: balances, permissions, merchant identity, recurring obligations, rewards, optimization opportunities, and settlement options.

The fifth is **incentive compatibility**. Agents will act within objectives specified by humans, but the surrounding ecosystem will also attempt to influence them. Merchants will offer discounts; protocols will offer tokens; platforms will pay referral fees; market makers will quote prices; and other agents may strategically negotiate. Bichler's analysis is important: lower search costs do not guarantee efficient markets when agents face informational and behavioral frictions [3]. An agent can be fast and still be manipulated. A monetary network therefore needs transparent incentives and mechanisms that make self-dealing, circular activity, fake volume, and reward farming costly or unrewarding.

The sixth is **microeconomic scale**. Many current payment systems have fixed fees, minimum economic transaction sizes, or settlement delays that are tolerable for human-scale commerce but inefficient for machine-scale activity. If an agent wants to buy ten seconds of compute, a specialized dataset, a one-time API result, or a tiny insurance hedge, the payment may be smaller than the friction around it. Blockchains and stablecoins can improve some of these margins, although they introduce their own costs: fees, volatility, custody, smart-contract risk, bridge risk, and compliance complexity.

PTS is not proposed as the universal solution to all six problems. The Points network is designed to assemble multiple rails and expose them through a coherent financial context. PTS enters where a scarce, transferable, programmable network asset may improve incentives and coordination: rewarding useful activity, supporting ecosystem liquidity, enabling cross-application participation, and potentially becoming an asset agents choose to maintain on balance sheet.

> **Design principle.** Machine commerce requires a separation between *permission to act* and *asset ownership*. An agent may be permitted to spend from an account without owning the account; it may be permitted to trade PTS without controlling the root wallet key; and it may be permitted to optimize a subscription without permission to transfer treasury reserves. This principle should be enforced technically, not merely described in policy.

The machine-commerce problem is therefore partly monetary and partly institutional. PTS has a plausible role only if it is embedded in an architecture that solves both.

4. The Monetary Stack of the Autonomous Economy

Money performs several economic functions that are often bundled together in ordinary life: unit of account, medium of exchange, store of value, collateral, settlement asset, and reserve asset. Modern financial systems deliberately separate some of these functions. A bank deposit is a payment medium but also a claim on a bank. Treasury bills are not usually used at a grocery store, yet they function as high-quality liquid assets. Central-bank reserves settle obligations among banks. Gold is held by official institutions as a store of value but is rarely an invoicing unit. The digital economy should be expected to exhibit similar specialization rather than converge on a single universal token.

For the autonomous economy, this paper proposes a five-layer monetary stack.

Layer 1: Intent and identity. The principal specifies objectives and the system establishes who is acting for whom. This layer contains identity, agent provenance, account type, policy context, and the relationship among principal, agent, and tool. It is not itself money, but without it payment authority becomes ambiguous.

Layer 2: Authorization and risk controls. Permissions determine what an agent may do: transaction types, counterparties, asset classes, limits, approval thresholds, time windows, and revocation. The IMF's agentic-payments framework places authorization between intent and settlement for precisely this reason [1]. In the Points architecture, this layer should be expressed through scoped agent connections, approval workflows, and machine-readable account capabilities.

Layer 3: Stable transactional money. Dollars, insured bank deposits where applicable, payment stablecoins, and other fiat-denominated balances are well suited to invoices, payroll, deterministic budgets, and liabilities whose nominal amount should not fluctuate. Stablecoins can reduce some cross-border frictions and enable 24/7 programmable settlement, though they remain claims whose resilience depends on issuer, reserve, legal, and redemption structures [17][18]. The dollar's continuing dominance also means that dollar-linked stablecoins can extend rather than displace dollar usage [5][28].

Layer 4: Network reserve and coordination assets. This is the intended domain of PTS. A network reserve asset need not be the preferred unit of account for every purchase. Its role is to provide a scarce asset whose ownership has usefulness across the network: rewards, liquidity, incentives, collateral where appropriate, ecosystem participation, and potentially future protocol security or fees. The analogy is not exact, but the distinction resembles the difference between transaction deposits and reserve assets in conventional finance.

Layer 5: External settlement and capital markets. Public blockchains, DEXs, centralized exchanges where legally available, bank networks, lending protocols, and future market infrastructure convert among assets, provide liquidity, and allow balance-sheet management. This layer determines whether a reserve asset is practically usable. An asset that cannot be sold, borrowed against, hedged, transferred, or priced has weak reserve characteristics regardless of theoretical scarcity.

The stack implies an important design conclusion: **PTS should not be forced into functions that more stable instruments perform better.** If an agent has a $2,000 advertising budget, denominating the budget in a volatile asset introduces unnecessary variance. If the agent earns PTS rewards for economically useful activity and chooses to retain a portion as a network reserve, the division of labor is more coherent. Likewise, a merchant may quote prices in dollars while accepting PTS at a market exchange rate, just as international trade can be invoiced in one currency while balance sheets contain others.

This architecture also clarifies the long-run Points Chain thesis. A future chain could use PTS as its native gas, security, or settlement asset without requiring every commercial contract to be PTS-denominated. Monetary systems are layered. The reserve asset can sit underneath stable transactional claims and application-specific credits.

> **Economic proposition.** The relevant question is not whether PTS can replace the dollar at checkout. It is whether, for a growing class of autonomous economic actors, holding and using PTS can become incrementally more useful than not holding it.

That is a much lower threshold than global monetary replacement - and a much more rigorous starting point for a reserve-asset thesis.

Figure 1. Proposed monetary stack for the autonomous economy.
Conceptual architecture based in part on IMF agentic-payments framing [1].

5. Stable Settlement vs. Reserve Assets

A common error in crypto-economic design is to treat volatility as a moral defect in one asset or stability as a sign of inferiority in another. In reality, different monetary functions favor different properties. A payroll obligation benefits from stable denomination. A reserve asset benefits from credible scarcity, liquidity, durability, and broad acceptability. A payment rail benefits from speed, low fees, finality, and legal clarity. These functions can coexist.

Dollar stablecoins illustrate the point. The IMF argues that stablecoins have the potential to make international payments faster and cheaper, especially where correspondent-banking chains are slow or expensive, while also introducing risks including currency substitution and capital-flow complications [17]. Federal Reserve researchers similarly identify potential reductions in cross-border frictions while noting that stablecoin adoption may alter demand for bank reserves, Treasury bills, and other liquid assets [18]. Stablecoins are therefore not merely crypto trading chips; they are increasingly plausible settlement instruments.

But a dollar stablecoin is designed to be worth approximately one dollar. Its monetary policy is imported from the dollar and its supply typically expands or contracts with demand through issuer minting and redemption. That is a feature for transactional stability. It also means the holder is not acquiring a scarce network asset whose supply rule is independent of the dollar system. A reserve asset such as gold, Bitcoin, or potentially PTS is evaluated under a different logic: credibility of supply, depth of markets, acceptance, custody, and the opportunity cost of holding it.

This distinction allows PTS to complement USDC rather than compete with it on the wrong dimension. In the proposed Points stack, a business or agent might maintain operating cash in dollars or USDC, earn PTS through network contributions, and decide whether to sell, spend, transfer, or retain those PTS. If PTS becomes useful as collateral, for fees, for ecosystem access, or as a treasury reserve, the desired balance can increase independently of immediate transactional need.

Classical monetary economics emphasizes that money can become valuable partly because others accept it. Search-theoretic models such as Kiyotaki and Wright's work on money as a medium of exchange formalize the role of acceptability in overcoming barter frictions [33]. International-currency research similarly emphasizes network externalities and path dependence. Liu, Wang, and Woo find that network effects in international currency choice are statistically significant and quantitatively comparable with trade share [8]. Gopinath and Itskhoki document how a dominant currency can persist in global invoicing because widespread use reinforces further use [7].

PTS cannot borrow those network effects by analogy; it must create its own. The initial Points product can solve the cold-start problem by providing a reason to receive PTS before PTS is universally accepted: rewards tied to actual network activity. Liquidity then gives recipients an exit option. Additional integrations can create reasons to retain rather than immediately sell. The reserve thesis begins only if retention becomes voluntary and economically motivated.

A stricter monetary benchmark: singleness, elasticity, and integrity

A skeptical monetary economist should ask a prior question before evaluating any private digital asset: **what monetary job is the asset actually trying to perform?** The Bank for International Settlements proposes three tests for a monetary system's core settlement asset - singleness, elasticity, and integrity [41]. Singleness means that monetary claims expressed in the same unit settle at par rather than becoming fragmented private monies. Elasticity means that liquidity can expand when payment needs surge rather than forcing every obligation to be fully prefunded. Integrity concerns the institutional and technical safeguards that make a monetary system trustworthy at scale. The BIS argues that even fiat-backed stablecoins face weaknesses against these tests [41][44]. An unbacked, supply-disciplined asset such as PTS should therefore make an even narrower claim.

PTS is **not designed, at inception, to be the economy's primary unit of account or lender-of-last-resort settlement money**. A one-billion-unit supply policy is useful for scarcity and long-horizon monetary credibility, but the same rigidity makes PTS poorly suited to provide elastic transactional liquidity during a sudden payment shock. This is not a contradiction if the system is layered. Dollars, bank deposits, and compliant dollar stablecoins can perform stable accounting and elastic settlement functions; PTS can pursue reserve, incentive, coordination, and programmable balance-sheet functions.

This distinction also resolves a common rhetorical error in digital-asset projects. A scarce asset is not automatically *better money* than an elastic one. Gold's scarcity did not make gold settlement optimal for every modern payment. Treasury securities are valuable reserve and collateral assets without being the unit in which households quote grocery prices. An economically coherent PTS architecture should therefore be judged by whether PTS becomes useful to hold **between transactions**, not by whether every transaction is denominated in PTS.

The platform-currency possibility - and its limit

Brunnermeier, James, and Landau argue that digitalization can both unbundle the traditional functions of money and re-bundle them around large platform ecosystems, potentially creating digital currency areas that transcend national borders [35]. That observation makes a Points-linked reserve asset economically conceivable, but it is not evidence that PTS will become one. Platform currencies benefit from network effects only when the underlying platform supplies enough useful services to make participation valuable. They can also create interoperability problems and can be displaced if users can multi-home cheaply across competing systems.

For PTS, the implication is demanding: **ThePoints.io can be the initial distribution surface, but the token thesis becomes stronger only as useful PTS activity becomes progressively less dependent on ThePoints.io itself.** A platform token that cannot escape the platform is a loyalty instrument. A network reserve asset must eventually become useful to participants whose economic relationship is with one another, not merely with the initiating company.

Why not simply use USDC?

USDC or another regulated dollar stablecoin may be a superior instrument for stable settlement. That does not answer the reserve and coordination question. A network that only distributes stablecoins can reward users, but it does not create a scarce network asset whose economic demand may reflect participation in the network itself. Conversely, a network that uses only PTS would impose avoidable volatility on obligations that users prefer to keep stable. The proposed design intentionally uses both categories.

Why not simply use BTC, ETH, or SOL?

Bitcoin offers a highly credible scarcity narrative and deep global liquidity. Ether and SOL are programmable native assets securing broad application ecosystems. They are serious alternatives and may remain superior reserve assets for many users. PTS's differentiation, if it develops, must come from **specialized network utility and distribution**: direct connection to agent financial activity, rewards, merchant and developer integrations, and a governance system oriented toward the autonomous economy. Scarcity alone is not differentiation.

> **Counterargument.** If stablecoins, BTC, ETH, SOL, or future bank rails satisfy the relevant needs more efficiently, rational agents may have little reason to hold PTS. The PTS thesis is falsified if network-specific utility does not create incremental demand beyond speculative trading.

That counterargument should remain visible throughout the project. A credible reserve-asset thesis is stronger when it states the conditions under which it would fail.

6. Why PTS

The case for PTS rests on five design hypotheses rather than a claim of monetary inevitability.

First, **distribution should follow economic activity**. Many digital assets begin with speculative ownership and search for utility later. PTS is intended to invert that sequence by distributing part of its supply through rewards and ecosystem participation connected to financial activity in the Points network. The more distribution is earned through genuine use rather than artificial volume, the more likely ownership is to map onto actual network participants.

Second, **the network benefits from an asset that is not identical to the operating company**. ThePoints.io LLC builds products, integrates regulated providers, hires people, contracts with vendors, and earns operating revenue. PTS should not be equity in that company, a claim on its profits, or a disguised corporate share. The long-run vision is a network asset that can be held and used by participants who may never be customers, shareholders, or contractors of ThePoints.io. This is why the planned Points Foundation and separate treasury governance matter. If PTS is permanently indistinguishable from a single company's balance sheet, the reserve thesis is structurally weaker.

Third, **scarcity can create policy predictability**. The current on-chain supply is 1 billion PTS. The proposed monetary rule limits authorized global economic supply to 1 billion even as the asset becomes multichain. This does not guarantee value. It does reduce one dimension of uncertainty: participants can evaluate demand without assuming arbitrary discretionary inflation. The credibility of that rule will depend on authority governance, cross-chain accounting, and public transparency.

Fourth, **programmability can make reserve demand functional rather than purely narrative**. PTS can be integrated into reward policies, collateral systems where prudent, merchant economics, API access, protocol fees, agent budgets, governance, and future chain security. Each proposed utility should be judged by whether it creates a genuine reason to acquire or retain PTS. Utilities invented solely to force token demand are economically fragile; utilities that reduce a real cost or confer a valued capability are more durable.

Fifth, **agentic commerce creates a new distribution surface**. If software agents become routine economic intermediaries, the marginal cost of integrating a new monetary asset into decision logic can be lower than convincing each human user to learn a new wallet workflow. An agent can compare routes, swap assets, hold reserve percentages, and select settlement media according to policy. This does not remove adoption friction - the principal must still trust the system - but it can change the unit of adoption from individual attention to machine-readable capability.

The Points network is therefore designed around a simple asymmetry: humans are scarce in attention; agents are abundant in computation. A token whose utility requires constant human management may fail in the agentic economy. A token exposed through APIs, wallets, MCP-style connections, policy controls, and automated accounting is better positioned to be considered by machines.

A stylized utility function helps clarify the thesis. Let the net utility to participant *i* from integrating PTS be:

$$U_i = u0 + aN + bL + cX + dF - C_i$$

where N is the number and quality of other network participants, L is liquidity, X is the breadth of useful integrations, F represents financial functions such as rewards, collateral, or fee utility, and C_i represents integration, volatility, custody, regulatory, and opportunity costs. The coefficients are conceptual, not empirically estimated. The important property is that some benefits can rise with network adoption, while costs can fall as infrastructure matures. That is the source of potential increasing returns - and also the source of a cold-start problem.

PTS begins with a product-based solution to that cold start: give users and agents a reason to encounter the asset through activity they already value. Whether that first contact compounds into reserve demand is an empirical question.

> **Design principle.** PTS should earn adoption by lowering friction or increasing capability. Artificial scarcity without utility, artificial trading without users, and artificial holder counts without economic participation are not substitutes for network effects.

The bypass test: PTS must beat the null hypothesis

The correct benchmark for PTS is not another token's marketing narrative. It is the **null hypothesis that PTS is unnecessary**. If an AI agent can obtain the same economic result with USDC, bank deposits, SOL, ETH, or direct API credits at equal or lower total cost, a rational agent should bypass PTS. Token demand created only by mandatory routing is brittle because users and developers have an incentive to route around the toll.

For each proposed PTS utility, the network should therefore publish a measurable benefit relative to a non-PTS alternative: lower fees, superior rewards economics, access to otherwise unavailable capabilities, better collateral efficiency, improved interoperability, lower working-capital requirements, governance rights with genuine value, or some other observable advantage. The burden of proof belongs to PTS.

This suggests a simple empirical quantity for utility j:

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Incremental Benefit_j = Outcome with PTS_j - Best feasible non-PTS outcome_j
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The units will differ by use case - dollars saved, basis points of fee reduction, task-completion probability, settlement time, merchant conversion, collateral efficiency, or developer revenue. A positive token price is not itself evidence that *Incremental Benefit_j* is positive. Price can reflect expectations, speculation, or market structure. The reserve thesis requires persistent non-price benefits.

Network effects are an opportunity, not a shortcut

Katz and Shapiro's classic work shows why network goods can exhibit increasing returns: the value of joining a network can rise with the number of compatible users [37]. Rochet and Tirole show that payment-like platforms are often two-sided and must get multiple participant groups on board simultaneously; the optimal subsidy and pricing structure may differ across sides [36]. For PTS, the relevant sides can include operators, AI agents, merchants, developers, liquidity providers, and infrastructure partners.

That literature also warns against a simplistic flywheel. Network effects can reinforce **incumbents** just as easily as entrants. USDC, Bitcoin, Ether, Solana, card networks, and bank rails already possess substantial installed bases. PTS should therefore subsidize adoption only where a subsidy helps cross a measurable coordination barrier. Rewards that generate temporary wallets but no durable usage are not network formation; they are customer-acquisition expense paid in token form.

7. The Points Network

The Points network should be understood as a layered financial and information network rather than a single application. Its initial interface, ThePoints.io, is being built to give human operators and AI agents access to financial accounts, cards, bank transfers, wallets, rewards, optimization, and agent connections. Under the current product architecture, regulated or specialized providers can supply particular capabilities while Points coordinates the user experience, permissions, data context, and network-level incentives.

This structure mirrors a general principle in financial infrastructure: specialization at lower layers, coordination at higher layers. Banks are good at regulated account infrastructure. Card networks are good at merchant acceptance. Public blockchains are good at globally verifiable token ownership. Wallet infrastructure is good at key and account abstraction. AI agents are good at interpreting context and executing policies. Points does not need to vertically recreate every rail to create value; it needs to make heterogeneous rails legible and controllable to humans and machines.

For AI agents, the network objective is particularly specific. An agent should be able to understand an account's available capabilities without receiving unrestricted sensitive information. It should know, for example, that a wallet exists, that a checking module is available or requires application, that a card is active, that a transaction can be staged for approval, or that a reward balance is claimable. This creates a machine-readable financial context analogous to the way software APIs expose capabilities while withholding underlying credentials.

PTS occupies the network-level layer. Bank balances remain dollar liabilities of their relevant providers; stablecoins remain claims on their issuers; PTS remains a public-chain asset. Points can then create economic rules that span those rails. A user might earn PTS based on qualifying card activity, an agent might receive an incentive for switching a merchant subscription to a lower-cost provider, or a developer might receive an ecosystem grant for building a useful integration. The reward unit can be common even when the underlying activity occurs on heterogeneous payment systems.

This allows the token to become a **coordination primitive**. A coordination primitive is useful when many parties need a common unit for incentives but do not share ownership. ThePoints.io, a third-party merchant, a developer, and an agent can each participate in the PTS ecosystem without being members of the same corporation. In principle, the Foundation can fund network goods that are valuable to multiple parties but would be underproduced if left to a single firm's private return calculation.

The network thesis also requires openness over time. If every meaningful PTS use remains gated by ThePoints.io, PTS will resemble a platform loyalty point with public-chain transferability. That may still be useful, but it is a narrower category than a reserve asset. To move beyond it, independent wallets, merchants, developers, protocols, liquidity venues, and agent frameworks must be able to integrate PTS under public rules. The network becomes more credible as the fraction of utility that does not require permission from the originating company increases.

This is why the separation between ThePoints.io LLC and the planned Points Foundation is economic as well as legal. The company has incentives to build excellent products and capture revenue. The Foundation's target role is to steward network assets and public goods under transparent policy. Their interests can overlap without being identical.

> **Institutional proposition.** ThePoints.io should bootstrap the PTS network, but successful PTS adoption should make the network progressively less dependent on ThePoints.io as a single point of economic coordination.

That proposition is measurable. Over time the project can publish the share of PTS transfers, holders, liquidity, rewards, and integrations that originate outside first-party products. Decentralization becomes an observable trajectory rather than a slogan.

8. ThePoints.io: Initial Utility and Distribution

A new monetary asset faces a severe chicken-and-egg problem. Users do not want an asset with no utility; merchants and developers do not want to integrate an asset with no users; liquidity providers do not want to commit capital to a market with no volume; and users do not want to hold an asset with no liquidity. Many token launches attempt to solve this with speculation: create a market first and hope economic activity follows. The Points strategy is to use an operating product as the initial distribution engine.

ThePoints.io is designed around financial activity that has value independently of PTS: account management, payments, cards, wallets, transfers, financial optimization, and agent connectivity. That independence is important. If the only reason to use the product were to receive PTS, the system would be vulnerable to mercenary participation and reward farming. If users would value the product without the token, PTS can act as an incremental incentive rather than the sole source of utility.

The initial economic loop is straightforward. A human or business creates a Points relationship, connects an authorized agent, and uses eligible financial capabilities. The network observes qualifying events through provider integrations and applies transparent reward rules. The resulting reward is recorded in an internal ledger and eventually claimable as PTS to an on-chain wallet. The participant can hold, transfer, use, or sell the asset once markets exist.

This architecture separates *reward computation* from *on-chain settlement*. Paying every tiny reward directly on-chain would create operational complexity and may encourage uneconomic dust transactions. A ledger can accumulate earned balances, enforce pending periods for reversals or fraud review, distinguish earned from purchased PTS, and let users claim when economical. The blockchain then provides final asset ownership rather than serving as the database for every intermediate reward calculation.

The Points Optimize concept adds a second dimension. Suppose an agent identifies a redundant subscription and saves an operator $1,000 per year. A network reward tied to verified savings can align the agent, user, and platform around economic surplus rather than gross transaction volume. The same principle can extend to merchant offers, infrastructure optimization, or developer contributions. In each case, the reward system should ask: **what real economic behavior is being subsidized, and why is that behavior valuable to the network?**

This matters because token incentives are a form of expenditure. When the Foundation distributes PTS, it is consuming a scarce reserve. A rational treasury should demand a return in network development: more active users, useful integrations, verified savings, merchant acceptance, developer activity, liquidity, or other measurable public goods. Rewards that generate only transactions with no durable network effect are equivalent to wasteful customer-acquisition spend.

ThePoints.io can also solve an important adoption problem for AI agents: abstraction. Agents should not need to reason about seed phrases, RPC endpoints, token-account creation, or DEX routing unless those details are relevant. The platform can expose higher-level intents - check PTS balance, claim rewards, transfer within policy, swap within a limit - while underlying infrastructure handles technical execution and approvals.

> **Research annotation.** Microsoft Research distinguishes between unscripted agent interactions enabled by technical progress and unrestricted interactions determined by governance and market structure [2]. The Points design should embrace unscripted economic capability without making it unrestricted: agents can reason flexibly while operating inside deterministic spending and transfer policies.

If this distribution engine works, the first PTS holders will not be random wallets assembled for launch optics. They will be operators, agents, merchants, developers, and counterparties who encountered the asset through economic activity. That is a better seed for a network effect - though still only a seed.

9. PTS Utility

The term *utility* is often used imprecisely in digital-asset markets. A token is said to have utility because it can be transferred, because a website displays it, or because a roadmap promises future uses. This paper adopts a stricter definition: a PTS utility is an economically meaningful capability for which possession or use of PTS changes a participant's feasible choices, costs, revenues, risks, or access.

Under that definition, PTS utility should develop in layers. The first layer is **reward utility**. PTS is a common reward unit through which the network can compensate qualifying economic activity. The reward is more flexible than a non-transferable loyalty point because recipients can retain it, transfer it, use it in supported applications, or exchange it where lawful markets exist. Transferability increases recipient choice, although it also exposes the asset to market volatility and speculation.

The second layer is **merchant and application utility**. Independent merchants or developers may choose to accept PTS, offer discounts for PTS payment, provide PTS-denominated benefits, or use PTS as an access credential. Such arrangements should be voluntary and economically justified. A merchant may prefer PTS because it reduces customer-acquisition cost, reaches a distinct network, or aligns the merchant with a reward ecosystem. A developer may price premium machine-to-machine services partly in PTS because agent users already maintain PTS balances.

The third layer is **liquidity utility**. An asset that can be exchanged across credible markets is more useful than one trapped inside a closed system. Liquidity allows an operator to convert earned PTS into stable settlement money; it allows an agent to rebalance a reserve policy; and it allows market participants to express differing valuations. Liquidity is not itself productive use, but it is infrastructure that makes other uses viable. Thin or easily manipulated liquidity, by contrast, creates misleading prices and can reduce utility by making transactions expensive or risky.

The fourth layer is **treasury and reserve utility**. A participant may choose to maintain PTS as part of a treasury if the expected network benefits of holding it exceed volatility, liquidity, regulatory, and opportunity costs. Those benefits could include preferred access, fee treatment, collateral eligibility, governance rights that are legally and technically appropriate, or simply expected usefulness in an ecosystem where future expenditures and receipts occur in PTS. Reserve demand differs from transaction demand because the holder chooses not to immediately spend the asset.

The fifth layer is **protocol utility**. If the network eventually operates its own chain, PTS could become a native asset used for transaction fees, security, validator economics, storage, anti-spam mechanisms, or protocol-level resource allocation. That possibility is long term and conditional. It should not be retroactively treated as current utility.

A useful discipline is to classify every proposed use by the friction it solves. Consider four examples. A PTS discount at a merchant solves a price incentive problem. PTS collateral in a lending protocol solves a financing problem only if liquid markets and robust risk parameters exist. A PTS staking mechanism solves a security or alignment problem only if stakers perform a real function and face meaningful consequences. A PTS vote solves a governance problem only if token-weighted voting is actually the appropriate decision rule. If a proposed utility cannot identify the underlying problem, it is likely ornamental.

The reserve thesis benefits from utility breadth but should resist forced circularity. Requiring users to buy PTS solely to unlock a service that could otherwise be priced transparently in dollars can create artificial demand without creating durable preference. The stronger model is to make PTS ownership useful because the network itself generates recurring reasons to interact with the asset.

> **Utility test.** For each PTS use case, ask three questions: (1) what economic friction does this solve; (2) would a rational participant value the capability even if token prices were not expected to rise; and (3) does the use create durable network value rather than one-time speculative demand? A weak answer to these questions is a signal to redesign or reject the utility.

Over time, the Foundation should publish a utility registry distinguishing **live**, **experimental**, and **proposed** functions. This prevents roadmap language from being confused with present functionality and gives researchers a way to measure whether PTS is becoming more useful in practice.

10. Network Contribution & Rewards

Token rewards are monetary policy in miniature. Every unit distributed changes ownership, circulating supply, incentives, and potentially market expectations. The Rewards and Marketing allocation therefore should not be administered as an undifferentiated promotional pool. It should function as a measurable network-development budget.

The proposed system uses **Network Contribution Units (NCUs)** as an accounting abstraction. An NCU is not a second token and need not be transferable. It is a standardized way to measure eligible contribution during a reward epoch. If participant *i* earns NCU_i units and the total eligible contribution in the epoch is ΣNCU, then a simple pro-rata reward rule can be written as:

```
PTS_i = (NCU_i / ΣNCU) x Epoch Reward Pool
```

This formulation has three useful properties. First, the epoch reward pool can be fixed ex ante, limiting issuance from the reserve and preventing reward expenditure from automatically scaling with nominal transaction volume. Second, different activities can receive different NCU weights according to their estimated network value. Third, the rule is auditable: participants can understand why rewards changed even when the PTS market price changes.

The hardest problem is defining contribution. Gross payment volume is a poor universal measure because it can be manufactured through self-transfers, circular transactions, common-control accounts, or low-margin churn. A better framework scores activities according to incremental network value. Examples may include verified merchant spending, new active accounts that persist beyond a qualification period, documented savings generated through optimization, developer integrations used by independent participants, liquidity provision within risk limits, or merchant acceptance that produces real third-party transactions.

Reward design should incorporate **anti-farming constraints**. Transactions among accounts under common control should generally not qualify as independent economic activity. Refunded purchases should reverse pending rewards. Repeated circular transfers should be excluded. Duplicate identities and sybil clusters should be monitored. Rewards should have pending periods where chargebacks or fraud are possible. High-value incentives should be subject to stronger verification than low-value experimentation.

A further distinction is necessary between **earned PTS** and **purchased PTS**. Economically, both units are fungible after settlement, but the distribution analytics should preserve provenance at the ledger level. This allows the network to report how much circulation resulted from product participation versus market acquisition. It also improves reward compliance, accounting, and evaluation.

The Foundation should treat reward policy as an experiment with explicit objectives. Suppose an epoch distributes 1 million PTS to generate merchant integrations. The relevant question is not whether 1 million PTS were claimed. It is whether the program produced persistent merchants, new users, recurring volume, lower costs, or other measurable outcomes. A program that creates 100,000 wallets with no subsequent activity is weaker than one that creates 1,000 economically active participants.

This suggests a treasury metric: **network value created per PTS distributed**. The metric cannot be reduced to one dollar figure because some public goods have delayed returns, but the discipline matters. Treasury resources should become scarcer as the network matures, forcing rewards to become more selective and self-sustaining.

> **Economic annotation.** Subsidies can solve coordination failures when private actors underinvest in activities with positive network externalities. They can also create dependency. The purpose of PTS rewards should be to move the ecosystem across adoption thresholds, not to permanently purchase activity that disappears when rewards end.

A mature reward system should therefore taper or redirect incentives as activities become self-sustaining. If merchants accept PTS because customers demand it, the network may no longer need to subsidize basic acceptance. Treasury spending can shift toward new geographies, protocols, safety research, developer tooling, or other underprovided public goods.

11. Economic Flywheel

The PTS economic thesis is best understood as a sequence of endogenous feedback loops rather than a one-time launch. The central loop begins with product utility rather than token price.

ThePoints.io and independent Points integrations create useful financial activity. Human operators and AI agents use accounts, wallets, payment rails, optimization, and connected services because those capabilities solve real problems. Some qualifying activity earns PTS. This creates **distribution** to economically relevant participants. Distribution creates a broader set of potential buyers, sellers, holders, merchants, and developers. As the holder base becomes more independent and diverse, markets can support deeper **liquidity**. Greater liquidity reduces the cost and risk of accepting PTS. Lower friction enables additional **utility**. Additional utility can make maintaining a PTS balance economically rational. Balance-sheet demand can then make the asset more useful as a **reserve**, which in turn creates incentives for additional integrations.

The loop can be summarized as:

Product utility -> economic activity -> earned distribution -> holder diversity -> liquidity -> integrations -> balance-sheet utility -> reserve demand -> greater incentive to integrate -> product utility

The loop is not guaranteed to be positive. Several negative feedback loops can dominate. If rewards are immediately sold because there is little reason to hold PTS, distribution can become persistent sell pressure. If liquidity is thin, volatility and slippage can discourage merchants. If token incentives attract farming, legitimate participants may face worse economics. If governance appears discretionary, treasury holders may demand a larger risk premium. If the product fails to attract users, the entire distribution engine weakens.

A useful analytical framework is to separate **stock** and **flow** variables. Transaction volume is a flow. Rewards distributed per month are a flow. PTS held in treasury is a stock. PTS voluntarily held by users is a stock. Reserve behavior is fundamentally about desired stocks: how much PTS participants choose to carry between transactions. A network can have high transaction flow but low reserve demand if users instantly convert into another asset. Conversely, a network can develop meaningful reserve balances even with moderate transaction volume if the asset is valuable for collateral, access, or future settlement.

This distinction matters when evaluating success. Raw DEX volume can be generated by high-frequency churn and is therefore an incomplete metric. Better measures include median holding duration, percentage of supply held by independent economic users, depth within a defined price range, merchant retention, recurring agent activity, share of rewards retained after defined periods, and the number of applications that create non-speculative reasons to hold PTS.

Network effects are also likely to be heterogeneous. International-currency research demonstrates that currency use can exhibit path dependence because every additional user increases convenience for others [7][8]. But PTS begins without those incumbency advantages. Its strongest initial network effect may be **informational** rather than monetary: an AI agent connected to Points can discover that PTS is supported, understand its wallet balance, compare routes, and interact programmatically. Machine readability lowers integration cost, which can make each new application more valuable to existing agent users.

A simplified network-adoption relation can be expressed as:

```
V_network = f(N, L, X, Q) - R
```

where N is economically active participants, L is liquidity depth, X is integration breadth, Q is the quality and reliability of network services, and R is aggregate friction from volatility, regulation, custody, fraud, fees, and complexity. The form of f may display increasing returns over some range, but it need not do so indefinitely.

> **Research annotation.** Liu, Wang, and Woo find that network effects are an important source of inertia and path dependence in international currency use [8]. The lesson for PTS is not that reserve adoption will emerge automatically. It is that once interoperability and broad usage are established, the convenience of using what others already use can become a powerful reinforcing mechanism.

The strategic purpose of the Foundation is to spend scarce treasury resources where they most effectively strengthen this flywheel while refusing shortcuts - fake volume, wash trading, artificial wallets, undisclosed market support - that improve superficial metrics but damage long-run credibility.

Two-sided economics and the danger of a false flywheel

A feedback loop is not the same thing as a network effect. A project can pay rewards, observe more wallets, and mistake subsidized activity for increasing returns. Rochet and Tirole's two-sided-market framework is useful here because the value of a platform to one group depends on participation by another [36]. Merchants care about useful customers; agents care about useful merchants and services; developers care about reachable users and monetization; liquidity providers care about durable order flow. A token subsidy can help coordinate these sides, but only if enough participants remain when the subsidy is reduced.

The PTS flywheel should therefore be decomposed into **subsidized growth** and **organic reinforcement**. Subsidized growth is activity directly induced by PTS emissions or promotional spending. Organic reinforcement is the increase in activity that persists because the network has become more useful. The economic objective is not to eliminate subsidies - early networks often require them - but to make the ratio of organic output to subsidy rise over time.

A useful research statistic is:

```
Reward Efficiency_t = Incremental Network Output_t / PTS Distributed_t
```

where network output should be defined in real terms appropriate to the product - retained users, merchant gross profit, verified agent tasks, transaction-cost savings, or other non-price output - rather than token-market capitalization. If Reward Efficiency falls persistently and activity collapses whenever emissions taper, the supposed flywheel is an emission treadmill.

A second statistic is the **independent network share**: the proportion of PTS transactions, balances, integrations, and economic activity attributable to parties not controlled by ThePoints.io or the Points Foundation. A credible reserve thesis requires this share to rise materially over time. A network that remains economically closed around its sponsor may still be a successful product ecosystem, but it has not demonstrated reserve-asset independence.

12. PTS Reserve-Asset Thesis

The phrase *reserve currency* has a precise meaning in international economics and a looser meaning in digital-asset discourse. A sovereign reserve currency is held by central banks and official institutions, used in international invoicing and finance, supported by deep capital markets, and embedded in geopolitical and legal institutions. By those standards, the U.S. dollar remains dominant. Federal Reserve research reports that the dollar accounted for 58 percent of disclosed official foreign-exchange reserves in 2024, compared with 20 percent for the euro; IMF COFER data put the dollar share at 57.13 percent in the first quarter of 2026 [5][6]. The dollar also remains central to international debt, trade invoicing, foreign-exchange markets, and payments [5][28].

PTS is not a sovereign reserve currency today, and this paper does not imply otherwise. The economically serious near-term objective is to become a **network reserve asset**: an asset that participants in the Points and agentic-commerce ecosystem voluntarily maintain on balance sheet because doing so improves their ability to transact, access services, earn rewards, provide collateral, coordinate with others, or participate in future network functions.

Reserve demand can be represented conceptually as:

```
H_t = alpha*T_t + beta*R_t + gamma*C_t + delta*G_t - phi*sigma_t - psi*kappa_t
```

where *H_t* is desired PTS holdings; *T_t* represents expected transactional use; *R_t* represents treasury or reserve demand; *C_t* represents collateral and protocol utility; *G_t* represents network integration and breadth; *sigma_t* represents volatility; and *kappa_t* represents custody, regulatory, liquidity, and operational frictions. The coefficients are not estimated and the equation is not a price model. It simply formalizes the claim that desired holdings rise when usefulness rises and fall when the costs and risks of holding rise.

If aggregate desired holdings rise while economic supply is credibly constrained, market prices may adjust. But there is no mechanical relationship guaranteeing appreciation. Demand can fall. Alternative assets can become superior. Regulation can raise holding costs. A fixed supply can coexist with a very low price. **Scarcity is necessary to the PTS reserve thesis but not sufficient for value.**

The dollar debate as an analytical backdrop

The reserve thesis exists during a period of renewed debate about the dollar's international role. In August 2026, old comments by Vice President JD Vance resurfaced in which he questioned whether reserve-currency status is unambiguously beneficial to the United States and compared some of its effects to a "resource curse" [15]. In his 2023 argument, Vance suggested that strong foreign demand for dollars and dollar assets could support cheap consumption and financialization while contributing to pressure on tradable manufacturing [16]. The argument is contested, and Vance has not called for the United States to deliberately abandon dollar reserve status [15].

The debate is useful precisely because it reveals that reserve status has both benefits and tradeoffs. A dominant international currency can lower borrowing costs, deepen financial markets, support sanctions power, reduce transaction frictions, and create seigniorage-like benefits. It can also contribute to a strong currency, global demand for safe assets, and macroeconomic adjustments that affect trade-sensitive sectors. Kenneth Rogoff, quoted in the 2026 debate, treated reserve status as one factor among many influencing the dollar, while emphasizing the benefit of lower interest rates [15].

> **Research annotation: decline is not collapse.** The dollar's reserve share declined from roughly 72 percent in 2001 to 58 percent in 2024, but the Federal Reserve stresses that it remains far ahead of every alternative and has been broadly stable in recent years [5]. IMF data show 57.13 percent in 2026Q1, actually up from the prior quarter after valuation effects [6]. Federal Reserve research on gold accumulation finds that most recent central-bank gold purchases are better described as diversification than wholesale de-dollarization [11]. A PTS thesis built on imminent dollar collapse would therefore be empirically weak.

Purchasing power and reserve status are different variables

The long-run purchasing power of a nominal dollar has declined substantially through cumulative inflation. The Minneapolis Fed historical CPI table reports an annual CPI of 17.6 in 1944, while the BLS July 2026 CPI-U index was 333.918 [12][13]. On that comparison, a basket costing $1 in 1944 would cost approximately $18.97 in July 2026; conversely, one 2026 dollar buys roughly 5.27 percent of the 1944 CPI basket. That is a useful illustration of cumulative price-level change, but it is not evidence that the dollar has ceased to function as a reserve currency. Nominal wages, productivity, output, asset values, and financial institutions also changed. Moreover, the Federal Reserve explicitly targets a positive 2 percent long-run inflation rate, which intentionally implies gradual decline in the purchasing power of the nominal unit [14].

The correct inference is narrower: actors may rationally seek reserve assets with supply properties different from fiat money, while still preferring fiat for accounting and settlement. Gold has historically served this role; Bitcoin is a contemporary digital example. PTS proposes a specialized version tied to network utility rather than a universal claim to replace fiat.

What would make PTS reserve-like?

A credible network reserve asset requires at least seven properties: predictable monetary policy; reliable custody and transfer; meaningful liquidity; broad and independent acceptance; low integration friction; governance credibility; and economic usefulness that persists without continuous subsidy. Over time, a stronger reserve profile would also require derivatives, lending markets, institutional custody, transparent accounting, and resilience across jurisdictions and chains.

The thesis therefore contains its own test. If participants receive PTS but do not voluntarily retain it; if merchants refuse it without subsidy; if liquidity remains thin; if governance remains founder-dependent; or if independent applications do not emerge, PTS has not become a reserve asset regardless of branding.

What would a monetary economist mean by "reserve demand"?

The word *reserve* is frequently used imprecisely. A balance can be held for at least three economically distinct reasons: **transaction inventory**, **speculative inventory**, or **reserve services**. Transaction inventory exists because payments and receipts are not perfectly synchronized, an insight formalized in classic transactions-demand models such as Baumol's inventory-theoretic treatment of cash [42]. Speculative inventory is held because the owner expects price appreciation. Reserve demand is different: the holder accepts the opportunity cost of keeping an asset on the balance sheet because the asset provides liquidity, collateral, settlement, optionality, access, insurance, or another continuing service.

Research on U.S. Treasury securities provides a useful benchmark. Krishnamurthy and Vissing-Jorgensen find that investors attribute a measurable **convenience yield** to Treasury debt beyond default-risk considerations [39]. Jiang, Krishnamurthy, and Lustig link foreign demand for U.S. safe assets and their convenience yield to dollar valuation [38]. The analogy should be used carefully - PTS is not a Treasury security and does not presently possess comparable safety, depth, or institutional status - but the economic test is instructive. A reserve asset should provide services that holders value even if they assume **zero expected price appreciation**.

That gives PTS a much harder objective than merely producing holders. The research question is:

Would an economically sophisticated participant choose to maintain a positive PTS balance if its expected capital gain were set to zero?

If the answer is no, observed holdings are more plausibly transactional or speculative than reserve-like. If the answer becomes yes because PTS improves collateral terms, provides access, reduces fees, increases merchant economics, secures a network function, improves routing, or offers another durable service, then reserve demand has begun to acquire economic content.

A reserve asset is not necessarily a safe asset

The PTS thesis should also avoid conflating *reserve asset* with *safe asset*. Macroeconomic research on safe-asset scarcity emphasizes demand for instruments whose value is unusually reliable in adverse states of the world [40]. U.S. Treasuries benefit from deep markets, institutional trust, legal protections, and the fiscal capacity of the United States. PTS currently has none of these attributes at comparable scale and may remain volatile for a long period.

Accordingly, this paper does **not** claim that PTS is a safe asset. A future agent or protocol could rationally hold PTS as a network reserve while simultaneously treating dollars, Treasury securities, or high-quality stable settlement assets as safer stores of nominal value. The reserve thesis is about *functional balance-sheet demand inside a network*, not an assertion that PTS has low credit, market, or liquidity risk.

The dollar is a stronger benchmark than a de-dollarization slogan

The PTS thesis does not require the dollar to fail. Federal Reserve data show that the dollar represented about 58 percent of disclosed official foreign-exchange reserves in 2024, down from roughly 72 percent in 2001 but still far ahead of every alternative [5]. IMF COFER data put the share at 57.13 percent in the first quarter of 2026 and note that valuation effects explained an important part of the quarter-to-quarter change [6]. These facts are consistent with gradual diversification, not imminent collapse.

The political debate is nonetheless relevant because it highlights that reserve status has both benefits and distributional tradeoffs. In a March 7, 2023 Senate Banking hearing, then-Senator J.D. Vance asked Federal Reserve Chair Jerome Powell whether dollar reserve status could impose costs on U.S. producers and compared the issue to a "resource curse." Powell responded that dollar status rests on institutions, rule of law, inflation control, and global trust; he described the equilibrium as very stable but not permanent and noted no obvious replacement candidate [43]. The exchange resurfaced in public debate in August 2026 [15]. It should not be interpreted as a U.S. policy decision to abandon reserve status. It is better understood as evidence that even the incumbent reserve system can generate contested domestic tradeoffs.

For PTS, the lesson is not that a political opening has appeared. It is that **reserve status is earned through institutional quality, market depth, and repeated usefulness**. The dollar's incumbency demonstrates the scale of the challenge. A digital network asset can plausibly become important without replacing the dollar at checkout, in taxes, or in official reserves.

> **Peer-review standard.** The PTS reserve thesis is not established by scarcity, market capitalization, a rising token price, or a large number of subsidized wallets. It is supported only to the extent that independent actors voluntarily maintain PTS balances for identifiable non-speculative services and continue doing so when rewards and price momentum are controlled for.

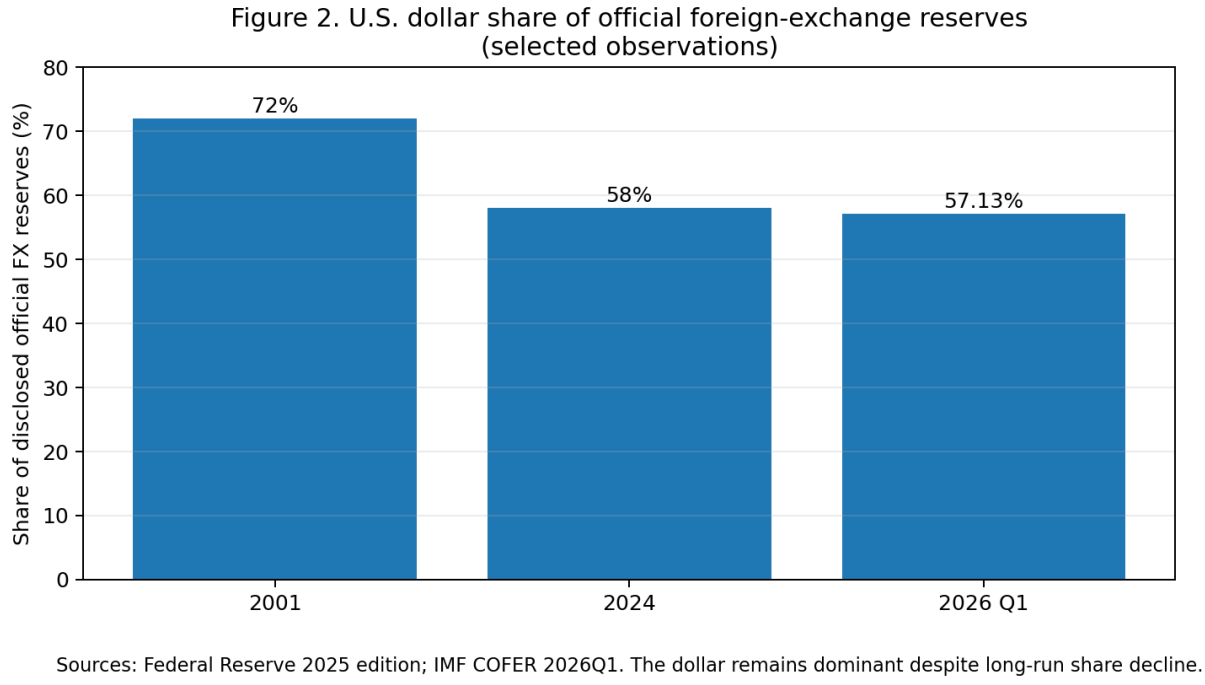

Figure 2. U.S. dollar share of official foreign-exchange reserves - selected observations.

Sources: Federal Reserve [5] and IMF COFER [6]. Selected observations; not a continuous time series.

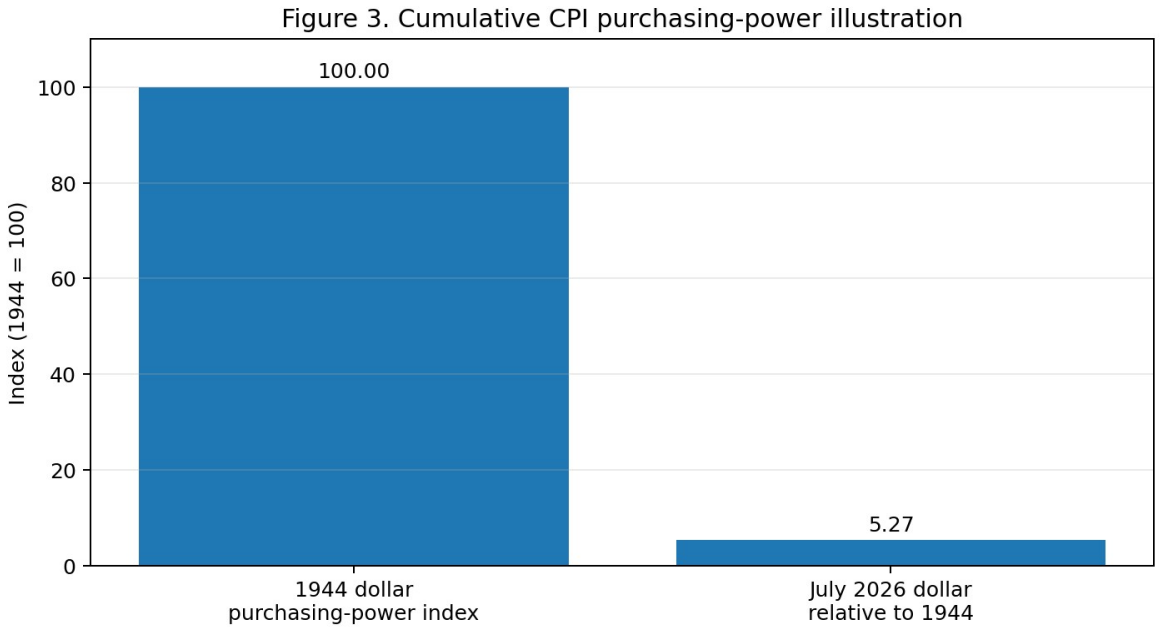

Figure 3. Cumulative CPI purchasing-power illustration.

Sources: BLS July 2026 CPI-U [12] and Minneapolis Fed historical CPI [13]. This figure measures consumer-price change, not international reserve status.

13. Path from Utility to Reserve Adoption

Reserve adoption is a process of institutional accumulation. Sterling did not become a dominant international currency because the British government announced a reserve strategy, and the dollar did not replace sterling through a single event. Eichengreen and Flandreau show that the dollar overtook sterling in central-bank reserves earlier than once commonly assumed and that multiple leading reserve currencies can coexist [9]. More recent work emphasizes both incumbency advantages and the possibility of gradual diversification [8][10]. The lesson for PTS is that reserve use can be path-dependent, plural, and evolutionary.

This paper proposes a six-stage adoption ladder.

Stage 1 - Distribution Asset

PTS first enters wallets through rewards, grants, ecosystem activity, and deliberate market acquisition. The primary objective is not broad reserve demand but economically relevant ownership. Metrics include active holders, distribution concentration, earned versus purchased balances, and the percentage of recipients who remain active after incentives.

Stage 2 - Utility Asset

Independent reasons to use PTS emerge: merchant benefits, developer services, fee advantages, network access, transfers, or other functionality. The critical distinction is between first-party utility and third-party utility. The network becomes stronger as independent actors create uses the originating company did not directly command.

Stage 3 - Settlement and Liquidity Asset

Markets become deep enough that participants can move between PTS, stablecoins, and other assets at tolerable cost. Cross-chain infrastructure may expand addressable markets. PTS may be accepted for settlement in some contexts even when prices remain denominated in dollars or stablecoins. Liquidity must be measured by depth and resilience, not headline volume.

Stage 4 - Treasury Asset

Agents, merchants, developers, protocols, or businesses begin maintaining policy-based PTS balances. An agent might hold a percentage of operating reserves; a merchant may retain some receipts; a protocol may maintain PTS to access network services. This is the first stage at which *reserve demand* becomes directly observable.

Stage 5 - Network Reserve Asset

PTS becomes a common balance-sheet asset across multiple independent applications and networks. It may support collateral, liquidity routing, institutional custody, treasury policies, and ecosystem governance. Demand is no longer predominantly created by ThePoints.io rewards. The Foundation becomes one participant among many rather than the sole source of economic activity.

Stage 6 - Native Monetary Asset of Points Chain

If a dedicated chain becomes economically justified, PTS may become its native asset for fees, security, settlement, and protocol incentives. Existing PTS on Solana and other chains could migrate or become interoperable representations subject to global supply accounting. At this stage, the reserve thesis is attached to a network with sovereign protocol rules rather than an application layer on another chain.

Each transition has a **gate**. Stage 1 should not be declared successful merely because tokens were distributed. Stage 2 requires actual non-speculative use. Stage 3 requires measured liquidity and reliable market infrastructure. Stage 4 requires observed voluntary retention. Stage 5 requires independence and institutional breadth. Stage 6 requires enough economic activity to justify the cost and security burden of an L1.

> **Design principle.** Roadmaps should specify gates, not just dates. A calendar can create pressure to launch infrastructure before the economic preconditions exist. Reserve adoption is better treated as a sequence of thresholds.

The ladder also accommodates failure or equilibrium at an intermediate stage. PTS could become a useful ecosystem reward and settlement asset without becoming a global reserve asset. That would not make the network worthless; it would mean the most ambitious version of the thesis did not materialize. Serious economic design should allow for that outcome.

Empirical gates for progression between stages

The six-stage adoption ladder should not be treated as a calendar. Each stage requires evidence. The following gates are deliberately framed as research tests rather than promotional milestones.

Stage	Evidence required to advance	Warning / falsification signal
Distribution	Recipients are identifiable as genuine network participants; anti-farming controls work; meaningful 30/90/365-day retention exists	Wallet count rises but balances are immediately sold or routed among common-control accounts
Utility	At least several PTS functions produce measurable incremental benefit versus non-PTS alternatives	PTS is technically required but users would choose USDC/SOL/fiat absent the requirement
Liquidity / settlement	Normal expected transaction sizes can be entered and exited with published depth/slippage targets and diversified liquidity provision	Headline volume is high but depth is thin, LP ownership concentrated, or price impact extreme
Treasury asset	Independent organizations voluntarily establish recurring PTS balance policies unrelated to near-term spending	Holdings are primarily Foundation, founder, exchange, or speculative inventory
Network reserve asset	Reserve-to-flow ratios and holding duration rise; non-first-party activity becomes a substantial share of utility; demand persists during flat/down price regimes	Activity remains price-reflexive, subsidy-dependent, or first-party dominated

Stage	Evidence required to advance	Warning / falsification signal
Native Points Chain asset	Existing chains impose persistent, measured capability/cost constraints that exceed the expected security, fragmentation, and operating costs of a new L1	An L1 is pursued mainly for branding, token demand, or control rather than comparative economic advantage

Numerical thresholds should be published **before** each phase is evaluated and should be calibrated from baseline data rather than selected after observing results. This protects the research program from moving the goalposts.

The price-independence test

The hardest test of reserve behavior is whether utility persists when speculative enthusiasm does not. For each major utility launch, Points should compare behavior in rising, flat, and falling PTS price regimes. If user retention, desired balances, integrations, or transaction activity are strongly explained by recent returns but weakly explained by product utility, the reserve thesis is not receiving independent support.

An event study around utility launches can help separate effects. More robust causal evidence can come from phased rollouts, randomized incentives where legally and operationally appropriate, or difference-in-differences designs comparing eligible and not-yet-eligible cohorts. None of these methods is perfect in pseudonymous token markets, but they are materially better than inferring utility from price.

14. Monetary Policy

The current PTS supply on Solana is exactly **1,000,000,000 PTS**, with six decimal places. The proposed monetary policy is that the maximum authorized **global economic supply** remains 1 billion PTS even if PTS expands to additional chains or later becomes native to Points Chain. This is a monetary rule about economically spendable units, not merely the raw sum of token-contract supplies across networks.

The distinction is necessary because multichain systems can represent the same economic unit in more than one technical form. In a hub-and-spoke bridge, 1,000 PTS may be locked on Solana while 1,000 PTS are minted on Ethereum. Counting both as circulating would incorrectly report 2,000 spendable units even though the Solana units are immobilized as backing. In a burn-and-mint architecture, 1,000 units may be destroyed on one chain before 1,000 are created on another. Again, economic supply is unchanged.

The core rule can be written:

```
S_spendable(t) = Sum over all chains of spendable PTS_i(t) <= 1,000,000,000
```

where locked backing tokens that cannot simultaneously circulate are excluded from spendable supply. The system should also publish chain-by-chain gross supply, locked supply, burned supply, escrow balances, and reconciliation adjustments so outsiders can reproduce the total.

At the time of this draft, the Solana mint authority remains active and is controlled by the founder/creator authority wallet. That means the 1 billion policy is **not yet cryptographically immutable**. The target architecture is to transfer mint authority away from unilateral founder control into Foundation-governed multisignature or protocol control, with transparent restrictions limiting minting to supply-neutral cross-chain operations, recovery or migration mechanisms approved under governance, or other uses explicitly consistent with the 1 billion global limit. Long term, authority may be delegated to a supply-controller or bridge program whose executable rules are narrower than a general-purpose human key.

This paper deliberately does **not** recommend revoking Solana mint authority immediately. Current multichain frameworks may require mint authority for burn-and-mint deployments. Wormhole's Native Token Transfers documentation, for example, supports both hub-and-spoke and burn-and-mint architectures and requires relevant minting authority on chains where destination minting occurs [20]. Preserving optionality can therefore be rational during the network's early architecture phase. The cost is credibility: as long as a human-governed authority can mint, market participants must trust governance to respect the cap.

The credibility problem should be addressed with layered constraints:

1. transfer mint authority out of a personal founder wallet;
2. require multi-party approval and timelocks for authority changes;
3. publish every authority address and governance policy;
4. use a narrow-purpose protocol controller when technically mature;
5. operate a public global-supply reconciliation service;
6. require any cross-chain mint to correspond to a verifiable lock or burn;
7. ultimately consider permanent revocation on chains that no longer require minting authority.

Monetary policy should also distinguish **supply policy** from **treasury distribution policy**. The 1 billion units already exist on Solana. Distributing existing treasury tokens does not increase total supply, but it increases circulating supply. Market participants care about both. A credible policy therefore requires transparent release schedules, reserve classifications, and disclosure of material treasury transfers.

> **Monetary-policy principle.** The 1 billion limit should become progressively less dependent on promises and progressively more dependent on observable constraints. The goal is credible commitment: the institution should make it difficult for future decision-makers to violate the rule even if short-term incentives tempt them to do so.

A final point is important. Monetary credibility does not require inflexibility in every dimension. The number of units can be constrained while governance remains adaptable about chain architecture, fee mechanisms, bridges, and utility. The policy objective is to make the **scarcity rule rigid and the implementation architecture evolvable**.

Scarcity versus elasticity: an intentional tradeoff

A supply ceiling creates a commitment technology, but it also removes a tool used by conventional monetary systems: elastic liquidity creation. The BIS emphasizes that elasticity is important because payment obligations can surge and systems that require complete prefunding can gridlock under stress [41]. PTS's one-billion global economic-supply policy should therefore not be advertised as universally superior monetary engineering. It is a deliberate choice to prioritize scarcity and predictability for the **reserve layer**, while relying on dollars, bank credit, and stable settlement assets for elastic transactional liquidity.

This layered architecture becomes especially important if agentic commerce scales. An agent may need a line of credit at 2:00 a.m. to settle an inventory purchase. A rigid PTS supply does not create that credit. A bank, credit protocol, or regulated financial intermediary can. PTS may become collateral or a reserve input to such systems, but the distinction between the asset and the credit mechanism should remain explicit.

Monetary credibility must be more than a sentence in a whitepaper

Retained mint authority is the most important current exception to the one-billion monetary-policy claim. The long-run objective should be to convert discretionary authority into narrowly scoped, observable, and delayed authority: multisig approval; public proposals; timelocks; rate limits; destination whitelists; global supply-accounting checks; and, where technically feasible, programmatic rules that reject issuance lacking a corresponding burn, lock, or migration event. The more the supply rule is enforced by code and independent signers rather than promises, the more credible the policy becomes.

15. Genesis Allocation

The PTS genesis supply is concentrated in five allocation wallets. A Solscan holder snapshot reviewed before this draft showed the top five holders collectively holding 100 percent of the 1 billion-token supply. The allocation is:

Allocation	PTS	Share
Treasury	300,000,000	30%
Rewards / Marketing	250,000,000	25%
Strategic / Investor Reserve	200,000,000	20%
Liquidity / Ecosystem	150,000,000	15%
Founders	100,000,000	10%
Total	**1,000,000,000**	**100%**

This distribution should be understood as an **allocation of control over reserves**, not as current circulating supply. The majority of PTS remains in genesis wallets rather than dispersed among public users. In economic terms, the project begins with concentrated monetary ownership and must earn decentralization through distribution, governance, and independent adoption.

The 30 percent Treasury allocation is intended as a long-horizon reserve for network development. It should not function as an undisclosed corporate operating account or discretionary trading wallet. The 25 percent Rewards and Marketing allocation is intended to finance participant acquisition, verified network contributions, merchant and developer incentives, and other distribution programs. The 20 percent Strategic and Investor Reserve is intended for future strategic capital relationships and ecosystem participants, subject to legal review, disclosure, and lockup or vesting rules that are not yet finalized. The 15 percent Liquidity and Ecosystem allocation supports market liquidity, ecosystem grants, integrations, and other network infrastructure. The 10 percent Founder allocation recognizes founding contribution but creates a governance obligation to establish credible vesting and custody arrangements before broad market launch.

A 70 percent grouping - Treasury, Rewards/Marketing, and Liquidity/Ecosystem - is intended ultimately to fall under the stewardship of the planned Points Foundation while remaining segregated by purpose. Segregation matters. Combining all 700 million units into one omnibus wallet would reduce transparency and make it harder to distinguish reward distributions from liquidity operations or long-term reserves. Separate wallets create an auditable budget architecture.

The 20 percent Strategic and Investor Reserve should be named carefully. Calling it simply "Investors" implies that independent investors already own the entire allocation. At the time of this draft, the more accurate economic label is a **reserve designated for potential strategic and investor distribution**. Tokens remain non-circulating until actual transfers create market-accessible ownership under the published circulating-supply methodology.

The founder allocation raises a similar issue. An allocation is not the same as a vesting schedule. If founder tokens are technically transferable without contractual or on-chain restrictions, markets must treat them as controlled supply with potential release risk. The Foundation and founders should publish the final vesting design once implemented rather than relying on informal assurances.

> **Transparency principle.** Allocation answers "who or what purpose controls this reserve?" Circulating supply answers "how much is economically accessible to the market?" Vesting answers "when can controlled allocations become transferable?" These are different questions and should never be collapsed into one tokenomics chart.

The allocation also implies a political economy. Treasury and rewards give the planned Foundation substantial early influence over distribution and network development. Investors and founders together control 30 percent. This concentration may be practical during formation, but long-run reserve credibility requires that no insider group can unilaterally manipulate supply, freeze users, or dominate economic governance indefinitely. The decentralization roadmap should therefore be evaluated against the genesis baseline rather than abstract ideals.

Treasury address confirmation. The canonical Treasury wallet address for this draft has now been confirmed as `FLV5wvYQkNgPzD6MLY31zMPFrqhB18pLvxijXkXYptaz`. This is the address associated with the 300,000,000 PTS Treasury allocation in the genesis holder audit. Because authority transfers are high-consequence transactions, the destination should still be copied character-for-character from the receiving wallet and independently verified at signing, but the earlier case discrepancy is resolved.

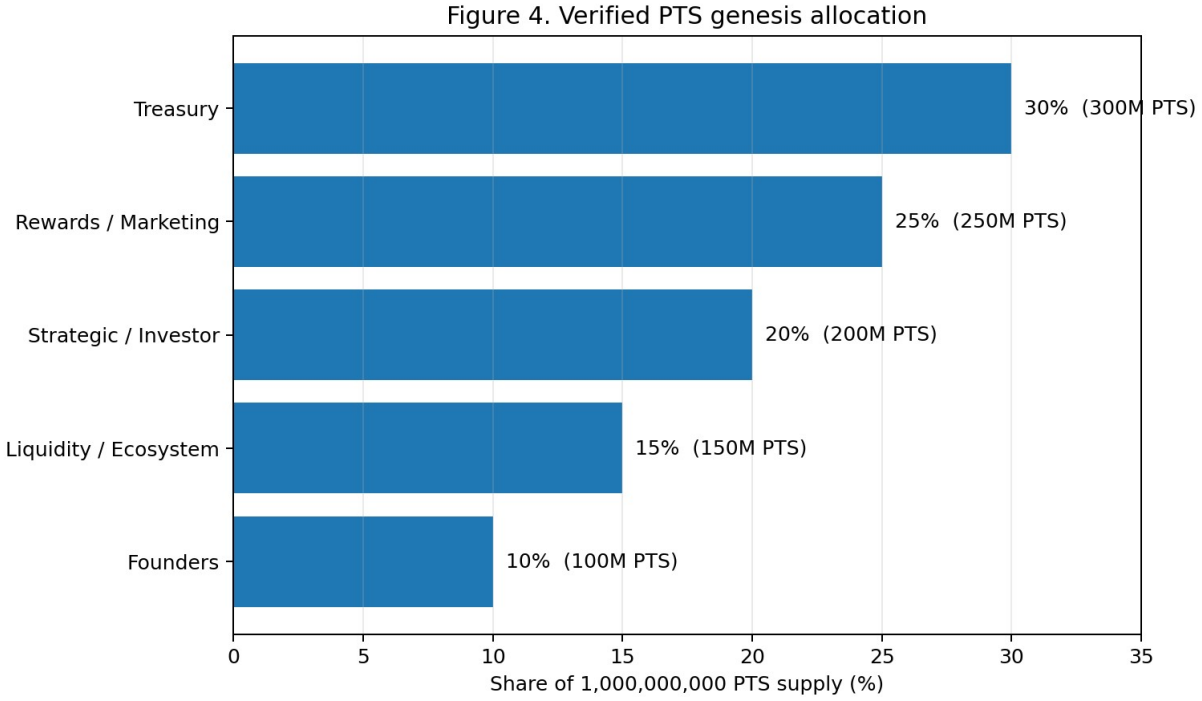

Figure 4. Verified PTS genesis allocation.

Source: PTS on-chain holder audit summarized in Section 26.

16. Circulating Supply

Circulating supply is among the most abused metrics in token markets. A project can have a technically issued supply of 1 billion units while only a small fraction is economically accessible to public markets. Conversely, tokens held in a nominal "treasury" wallet may in practice be actively sold and therefore behave like circulating supply. A credible PTS transparency system must use an explicit, reproducible methodology.

This paper proposes three supply categories.

Issued supply is the gross number of PTS units existing across token contracts, adjusted for burns but not for locks. On Solana today, current issued supply is 1 billion PTS. In a multichain future, gross issued supply across contracts could exceed 1 billion if hub-and-spoke representations are backed by locked units elsewhere; that is why issued supply is not the same as economic supply.

Global economic supply is the number of units that could, in principle, be spendable without double-counting locked backing representations. Under current monetary policy, this figure should never exceed 1 billion PTS.

Circulating supply is the subset of global economic supply that is reasonably market-accessible rather than subject to treasury designation, vesting, contractual lock, bridge escrow, or other restrictions. The methodology should be conservative and published in machine-readable form.

Before public launch, the genesis Treasury, Rewards/Marketing, Strategic/Investor Reserve, Liquidity/Ecosystem, and Founder balances should generally be classified as non-circulating to the extent they remain designated reserves and are not accessible to ordinary markets. When PTS is placed into an open automated-market-maker pool, distributed as vested rewards, transferred to independent users without restriction, sold to investors whose lockups have expired, or otherwise made economically accessible, the relevant amount becomes circulating.

Some cases require judgment. Liquidity-provider tokens placed into an AMM are economically available to traders even if the Foundation retains the LP position, so the PTS side of the pool should generally be counted as circulating. Tokens lent to a market maker may need to be counted depending on the agreement because they can enter market circulation. Tokens distributed as rewards but subject to a pending claim period are not yet on-chain circulating; once claimed and unrestricted, they are. Founder tokens with enforceable vesting remain non-circulating until the relevant tranche vests, assuming the restriction is real and disclosed.

The transparency endpoint should therefore expose at least:

- total issued supply by chain;
- locked or escrowed backing by chain;
- burned supply;
- global economic supply;
- circulating supply;
- non-circulating reserves by category;
- methodology version and timestamp;
- source wallet addresses and contract addresses.

Jupiter and other market-data systems can consume a circulating-supply URL, which makes this work useful beyond disclosure. More importantly, the endpoint forces the Foundation to state a consistent rule rather than changing the metric opportunistically when token distributions occur.

At the time of this draft, PTS is pre-market and the current public site has not yet finalized a live circulating-supply figure. Under the proposed methodology, practical circulation is expected to be near zero before rewards are independently claimed or open-market liquidity is seeded, but the final number should be computed directly from on-chain and contractual state rather than asserted here.

> **Accounting principle.** The circulating-supply methodology should be more conservative than promotional convention. If reasonable observers could access a token through market activity, the burden should be on the Foundation to justify excluding it.

Accurate circulating supply becomes increasingly important if PTS is used as collateral, enters indexes, develops derivatives, or is held by institutional treasuries. Monetary credibility begins with basic accounting.

Measuring reserve balances rather than gross balances

Gross wallet balances can overstate reserve demand because a holder may simply be waiting to make a known payment or to sell a recent reward. The research program should estimate an **excess reserve balance** for each observable participant:

```
Excess Reserve_i,t = max(PTS Balance_i,t - Expected Near-Term PTS Outflows_i,t, 0)
```

The near-term horizon should be published and stable - for example, 30 days - and expected outflows should be estimated from historical use, committed transactions, or explicit policy where available. A related **Reserve-to-Flow Ratio** can compare average excess balances with realized PTS spending or transfer flow. A rising ratio among independent non-affiliated participants would be stronger evidence of reserve behavior than rising balances alone.

This measure is imperfect. Pseudonymous wallets can obscure beneficial ownership, sophisticated users can split balances across addresses, and expected outflows are model-dependent. The appropriate response is not to abandon measurement but to publish the methodology, error bounds, known exclusions, and sensitivity analyses.

17. Treasury Policy

A token treasury is economically analogous to a combination of endowment, development budget, stabilization reserve, and strategic capital pool. That combination creates power and conflicts. The treasury can finance public goods that markets underprovide, but it can also distort markets, subsidize insiders, conceal losses, or become an informal operating account. The PTS reserve thesis therefore depends materially on treasury governance.

The proposed structure segregates the Treasury, Rewards/Marketing, and Liquidity/Ecosystem reserves rather than treating the Foundation's planned 70 percent stewardship as one fungible pool. Each wallet should have a defined mandate, approval threshold, reporting cadence, and permitted transaction set. The long-horizon Treasury should prioritize resilience and network development. The Rewards wallet should make programmatic distributions under published incentive policies. The Liquidity/Ecosystem wallet should fund market infrastructure, integrations, grants, and approved liquidity arrangements.

Treasury policy should begin with **capital preservation in PTS terms**. Because the reserve itself is PTS, selling PTS to acquire operating assets reduces future network inventory. That may be economically rational when it funds a public good whose expected contribution exceeds the opportunity cost, but the decision should be explicit. The Foundation should budget PTS expenditures in tranches, evaluate results, and avoid committing large proportions of reserves during the network's earliest and most uncertain stage.

A second principle is **separation from ThePoints.io operating finance**. ThePoints.io LLC can provide development, infrastructure, administrative, or commercial services to the network, but transfers from Foundation treasury to the company should occur under documented, arm's-length agreements reviewed for conflicts. The Foundation should not be a hidden corporate bank account. If the operating company requires capital, the legal and economic structure of that capital should be clear rather than disguised as routine token movement.

A third principle is **market integrity**. The Foundation may eventually support liquidity, engage professional market makers, or rebalance reserves. Any such activity should be governed by written policy, disclosed where material, and designed to improve orderly markets rather than manufacture price or volume. Wash trading, circular volume, undisclosed self-dealing, false holder dispersion, or misleading support operations would undermine the exact credibility a reserve asset requires.

A fourth principle is **counterparty diversification**. Treasury assets may eventually include stablecoins, fiat, short-term government securities, or other assets received through ecosystem operations. Custody should be distributed across appropriately evaluated providers and governed accounts rather than concentrated in a single key or institution. Counterparty exposure, chain exposure, bridge exposure, and stablecoin issuer exposure should be reported at the Foundation level.

A fifth principle is **public budgeting**. A mature Foundation should publish annual or semiannual budgets showing planned token distributions by category, realized distributions, material grants, liquidity commitments, operating expenses, and related-party payments. Governance can set de minimis thresholds so routine transactions do not overwhelm reporting.

The treasury can also function as a strategic asset base. If PTS becomes liquid and credible, the Foundation may eventually use a limited portion of treasury assets in collateralized financing, liquidity provisioning, or revenue-generating arrangements. Such activity should not be treated as free money. Leveraging a volatile native asset introduces liquidation and reflexivity risk: falling PTS prices can reduce collateral value precisely when financing is most needed. Any treasury leverage policy should therefore be conservative, separately approved, and subordinate to network solvency.

> **Institutional proposition.** A reserve asset requires a reserve institution whose behavior is predictable enough that outsiders can form expectations. Treasury transparency is not public relations; it is part of monetary policy.

The initial treasury policy should therefore be intentionally boring: segregated custody, limited permissions, published transfers, no hidden leverage, no undisclosed market support, clear conflicts procedures, and a bias toward preserving strategic optionality. Sophisticated treasury operations can be added only after governance and risk capacity mature.

18. Points Foundation

The planned Points Foundation is intended to separate stewardship of PTS network assets from the commercial operations of ThePoints.io LLC. The target jurisdiction is Dubai, subject to final entity selection, licensing analysis, tax advice, and legal formation. This paper uses the term **Points Foundation** as a governance objective rather than a representation that every legal and custody step has already been completed.

The economic purpose of a foundation is not cosmetic decentralization. It is to create an institution whose mandate differs from that of a profit-seeking operating company. ThePoints.io should be free to build products, compete, raise company capital, employ people, and earn revenue. The Foundation should steward network reserves, maintain public infrastructure, administer transparent incentive programs, support independent developers and merchants, coordinate monetary policy, and protect the long-run credibility of the PTS asset.

This separation can reduce one class of principal-agent problem. If the operating company controlled all token reserves, authorities, market operations, rewards, and product access, participants would need to trust that corporate priorities would always align with network priorities. A separate Foundation cannot eliminate conflicts, especially if founders initially influence both entities, but it can make conflicts observable and governable. Related-party agreements can be disclosed; boards or councils can include independent participants; authority control can require multiple signers; and network budgets can be distinguished from company budgets.

The Foundation's initial asset stewardship is expected to center on three segregated PTS pools: 300 million Treasury, 250 million Rewards/Marketing, and 150 million Liquidity/Ecosystem, totaling 700 million PTS or 70 percent of genesis supply. The Strategic/Investor Reserve and Founder allocation should remain separately accounted for and subject to their own rules. Legal ownership and custody should be documented after formation rather than inferred from wallet labels.

A mature Foundation should have at least five governance functions. **Monetary governance** protects the 1 billion global economic-supply policy. **Treasury governance** approves budgets, grants, liquidity programs, and material asset movements. **Technical governance** manages metadata, cross-chain deployments, protocol upgrades, and authority transitions. **Risk governance** oversees custody, smart-contract, bridge, market, and counterparty risk. **Ecosystem governance** allocates resources to developers, merchants, agent frameworks, standards, and public goods.

The Foundation should also publish a conflict-of-interest framework. Directors, council members, employees, founders, service providers, market makers, and ThePoints.io may each possess information or incentives that differ from public token holders. Material related-party transactions should be pre-approved under heightened thresholds, documented, and disclosed. Personal trading policies should be considered for individuals with access to nonpublic treasury or launch information.

International structuring does not remove U.S. or other national law. If PTS is offered or sold to U.S. persons, used in U.S. financial services, marketed based on managerial efforts, or integrated into money movement, U.S. securities, money-transmission, tax, sanctions, consumer-protection, and other rules may still apply depending on facts. The SEC's March 2026 interpretation emphasizes that a crypto asset can be a non-security asset while particular offers or sales may still be subject to an investment contract [23]. The SEC's August 2026 Regulation Crypto Assets is a **proposal**, not yet an effective exemption, and should not be relied upon as current law [24]. FinCEN guidance likewise distinguishes mere users of convertible virtual currency from administrators or exchangers whose activities may constitute money transmission [25].

> **Governance principle.** Jurisdiction can improve institutional fit; it does not create regulatory invisibility. The Foundation should be designed to withstand scrutiny in every material market in which PTS is distributed or used.

The long-run success condition is that the Foundation becomes a steward rather than a permanent command center. As independent participation grows, authority should migrate toward transparent, rule-bound, and eventually protocol-mediated governance where economically sensible.

19. Multichain Architecture

PTS begins on Solana, but a reserve asset for an autonomous economy should not depend indefinitely on one execution environment. Agents and businesses will operate across networks selected for liquidity, applications, compliance, cost, latency, security, and user preference. Multichain expansion can therefore increase addressable utility - but only if it preserves fungibility and supply credibility.

There are two broad architectures. In a **hub-and-spoke** model, Solana or another canonical chain holds the original supply. When a user moves PTS to a spoke chain, canonical PTS is locked on the hub and an equivalent amount is minted on the spoke. The locked tokens cannot simultaneously circulate, so economic supply remains constant. This design has the advantage of preserving a clear source-of-truth supply on the hub and can work even if the hub mint authority is revoked, provided spoke-chain minting remains possible.

In a **burn-and-mint** model, PTS is burned on the origin chain and an equal amount is minted on the destination chain. Economic supply becomes distributed across chains rather than concentrated on a hub. This architecture can make PTS feel native on each network but requires secure minting authority and cross-chain verification. Wormhole's Native Token Transfers framework supports both models and describes a Global Accountant intended to prevent more tokens from leaving a chain than were legitimately minted or transferred into it [20][21]. These references demonstrate technical feasibility, not a final vendor commitment by Points.

Multichain design introduces new risks. A bridge can fail even when each underlying chain is secure. Message verification can be compromised. Rate limits can be misconfigured. Destination contracts can be upgraded maliciously. Governance keys can be stolen. Accounting bugs can create inconsistent supply. Liquidity can fragment, producing different prices for what is supposed to be one asset.

PTS should therefore use a **canonical-asset registry**. For every supported chain, the Foundation should publish the official PTS contract or mint, bridge mechanism, decimals, authority structure, and whether the representation is native, locked-and-minted, or burn-and-mint. Unofficial copies should never be presented as canonical. Machine-readable registry endpoints are especially important because agents may otherwise interact with counterfeit assets bearing identical symbols.

Cross-chain transfers should also be rate-limited during early deployment. A reserve asset does not benefit from maximum throughput if maximum throughput allows catastrophic supply corruption. Limits can expand as infrastructure is audited, battle-tested, and diversified.

The current decision to preserve Solana mint authority during the architecture phase reflects this optionality. Burn-and-mint systems may require the destination manager to have minting permission [20]. The authority should not remain in a founder's personal wallet, however. The target is Foundation multisig or, later, a narrowly scoped supply-controller program whose rules are tied to verifiable cross-chain accounting.

> **Design principle.** Multichain expansion should make PTS more accessible without making the monetary base ambiguous. Every chain added creates utility and attack surface simultaneously.

The order of operations matters. PTS should first develop genuine Solana utility and market infrastructure. Expansion to Ethereum, Base, or other networks should follow demonstrated demand from users or applications rather than a marketing desire to accumulate chain logos. Each deployment should have an economic rationale, legal review, independent security assessment, and public supply reconciliation.

A future Points Chain would not invalidate this architecture. It could become the canonical hub, with existing chains transformed into spokes or native peer deployments. Because supply accounting is defined economically rather than by a single mint contract, the monetary rule can survive migration.

20. Global Supply Accounting

A multichain reserve asset is only as credible as its accounting. Traditional financial systems reconcile ledgers because the same economic claim cannot be allowed to appear as unencumbered property in multiple places. Cross-chain token systems face the same problem in cryptographic form.

Define, for each chain *i* at time *t*:

- **M_i(t)** = gross PTS minted and not burned on chain *i*;
- **L_i(t)** = PTS locked or escrowed on chain *i* as backing for PTS spendable elsewhere;
- **R_i(t)** = other restricted PTS that cannot be spent while a corresponding representation exists;
- **E_i(t)** = spendable economic PTS on chain *i*.

Then:

```
E_i(t) = M_i(t) - L_i(t) - R_i(t)
```

and the global rule is:

```
S_global(t) = Sum_i E_i(t) <= 1,000,000,000 PTS.
```

In a pure burn-and-mint architecture, locks may be zero and transfers preserve the invariant because source burn precedes destination mint. In a hub-and-spoke architecture, hub locks increase when spoke supply increases, so the same economic unit is not counted twice. Bridge contracts and accounting services should expose enough state that independent observers can verify the invariant.

Accounting should distinguish **monetary supply integrity** from **bridge solvency**. A bridge can be mathematically 1:1 while holding compromised or inaccessible backing. Conversely, a temporary message delay can make balances appear inconsistent without actual insolvency. The transparency system should therefore report not only balances but the state of pending cross-chain messages, rate limits, paused routes, and reconciliation exceptions.

Wormhole's Global Accountant concept illustrates a useful defense-in-depth approach: it tracks chain balances and seeks to ensure assets moved out of a spoke do not exceed legitimate native assets transferred into that spoke [21]. PTS should adopt an equivalent invariant whether it uses Wormhole or another interoperability system. The monetary rule belongs to PTS governance, not to any single bridge vendor.

A **supply attestation** should be generated at regular intervals and on material events. At minimum, it should contain block heights or slots for each chain, contract addresses, gross supply, burns, locked balances, spendable supply, bridge pending amounts, and the reconciled global total. The attestation can be signed by Foundation governance initially and eventually verified by independent indexers or on-chain programs.

The accounting service should also be adversarially designed. A single Foundation API that says supply equals 1 billion is not sufficient. Independent parties should be able to calculate the number from chain state. Open-source reconciliation code, reproducible queries, and external monitoring reduce the possibility that an accounting failure is hidden.

> **Monetary invariant.** No bridge, migration, administrative action, or chain deployment should cause two simultaneously spendable claims to exist against one authorized unit of PTS.

If a future protocol upgrade requires temporary exceptions, the economic effect must be explicit. For example, a migration might freeze an old contract at a snapshot and mint balances on a new chain. The old balances are then economically extinguished even if raw token records remain visible. The transparency layer should record the transition rather than pretending both contracts are live.

Global supply accounting is unglamorous infrastructure. That is precisely why it matters. Reserve assets depend on confidence that unit definitions do not change opportunistically. A 1 billion policy means little if multichain expansion can silently create 1.2 billion spendable claims.

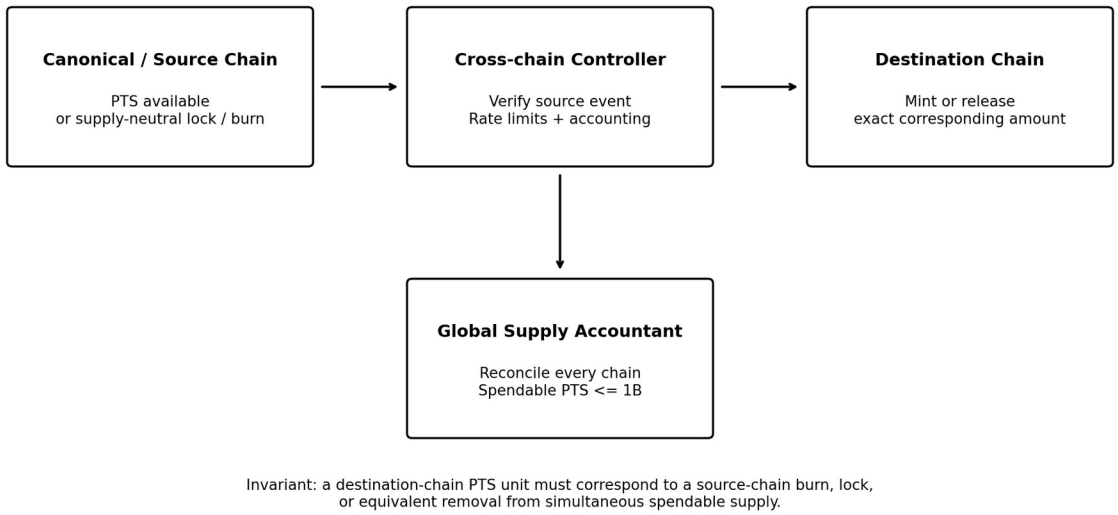

Figure 5. Supply-neutral multichain accounting concept.

Conceptual design; Wormhole NTT illustrates hub-and-spoke, burn-and-mint, and global-accounting mechanisms [20][21].

21. Path to Points Chain

A dedicated Points Layer 1 is the most ambitious technical element of the thesis and should be treated as an option, not an inevitability. Launching a blockchain is easy compared with sustaining one that is secure, decentralized enough for its purpose, liquid, developer-friendly, and economically necessary. A chain without differentiated demand is an expensive database with a token attached.

The case for Points Chain would emerge only if the autonomous economy creates requirements that cannot be efficiently satisfied through existing networks. Those requirements might include high-frequency agent authorization, specialized payment intents, native identity or permission primitives, deterministic spending policies, economic messaging among agents, very low-cost settlement, network-level reward accounting, privacy-preserving compliance, or application-specific execution tightly integrated with PTS monetary policy.

A chain can provide **protocol sovereignty**. Instead of depending on another network's fee market, upgrade process, congestion, data model, and validator economics, Points could design execution around agentic finance. PTS could become the native asset used for gas, spam resistance, validator or sequencer security, protocol incentives, and perhaps settlement reserves. This would deepen utility beyond what an SPL token can provide.

But sovereignty has costs. Security must be purchased or generated. Validators must be incentivized. Bridges become critical infrastructure. Developers need tooling. Wallets and exchanges need integration. Governance errors affect the entire network. If Solana, Ethereum, or future execution layers can deliver the required capabilities more cheaply, building an L1 would destroy rather than create network value.

The decision should therefore be governed by thresholds. Potential gates include sustained transaction demand that creates material fee or congestion costs on existing chains; a large independent developer ecosystem; demonstrated agent-specific workloads that require custom execution; sufficient PTS distribution to support credible security; institutional demand for native settlement; and a mature Foundation capable of governing critical infrastructure.

A migration path should preserve continuity. If Points Chain becomes canonical, holders should not be forced into discretionary conversion rates. The preferred design would migrate PTS 1:1 under the 1 billion global economic-supply policy. Solana PTS could be burned, locked, or frozen under a transparent snapshot and corresponding native PTS created on Points Chain. Existing Ethereum or other representations could then bridge to the new canonical network or remain supported as peers under global accounting.

The chain's monetary policy should inherit PTS rather than create a second asset. Introducing a separate gas token would fragment the monetary thesis unless there were a compelling technical reason. If PTS is intended to become the network's reserve asset, native-chain utility is a natural endpoint.

> **Design principle.** A blockchain is not a substitute for product-market fit. Points Chain should be built only when existing networks constrain an economy that already exists, not to manufacture the appearance of one.

The whitepaper therefore treats Points Chain as **Phase VI** in the reserve-adoption ladder. The network can succeed economically without ever reaching this stage. The option remains valuable because it gives PTS an evolutionary path from application token to native monetary asset if the scale and specialization of agentic commerce justify it.

The L1 comparative-advantage test

Launching a sovereign chain can create technical control, but it also creates a permanent security budget, validator/governance burden, liquidity fragmentation, bridge risk, and developer-maintenance cost. The relevant economic question is therefore not whether Points *can* launch a chain, but whether existing networks impose a recurring constraint large enough to justify sovereignty.

A simplified decision rule is:

Build Points Chain only if External-Chain Friction > L1 Security Cost + Fragmentation Cost + Operating Cost + Migration Risk

External-chain friction can include transaction fees, latency, inability to express required authorization primitives, dependence on another chain's congestion policy, insufficient privacy/compliance tooling, or settlement features unavailable through rollups/appchains. These costs should be measured over a sustained period. The L1 option should remain an option value until the inequality is convincingly satisfied.

This rule is strategically important because a premature L1 can convert a liquid multichain asset into the native asset of a thinly secured, isolated network. Monetary sovereignty without economic density is not an upgrade.

22. Governance & Decentralization

Decentralization is best understood as the distribution of credible control, not the number of wallets displayed by an explorer. PTS begins in a concentrated state: five genesis allocation wallets hold the current 1 billion supply, and a founder-controlled address currently holds mint, freeze, and metadata update authorities. That structure is operationally understandable before launch but inconsistent with the long-run reserve thesis if left unchanged.

Governance should decentralize along four dimensions: **asset custody, protocol authority, decision rights, and economic dependence**.

Asset custody decentralizes when treasury reserves require multiple independent approvals, strategic allocations are distributed under contracts rather than discretion, founder tokens are subject to enforceable vesting, and users hold PTS independently. Protocol authority decentralizes when no founder key can unilaterally mint, freeze, or alter canonical metadata. Decision rights decentralize when material monetary and treasury decisions follow published processes with independent participation. Economic dependence decentralizes when PTS utility and liquidity no longer depend primarily on ThePoints.io.

The earliest governance mechanism should be a carefully constructed multisignature rather than premature token-weighted democracy. Token voting can be valuable in mature networks but is vulnerable to plutocracy, voter apathy, delegation concentration, borrowing attacks, and conflicts between large holders and users. A Foundation council with defined responsibilities, independent signers, timelocks, and transparent records may initially provide stronger credible commitment.

Over time, governance can become more participatory. PTS holders may receive non-binding signaling rights before binding authority. Developer and merchant councils can represent constituencies whose contributions are not proportional to token wealth. Critical monetary changes can require both council approval and token-holder ratification. Emergency security actions can be separated from ordinary treasury policy.

The 1 billion global economic-supply rule should have the highest governance threshold. A system that can casually amend its monetary base has weak reserve credibility. Ideally, the rule becomes protocol-enforced so governance cannot increase supply even with a majority vote, except through an extraordinary migration process that preserves the economic invariant. Other parameters - reward budgets, grants, chain additions, rate limits, fee structures - can remain adaptable.

Timelocks are especially important. A governance action to change mint authority, upgrade a bridge, or transfer a large reserve should not become effective instantly unless responding to an active security emergency. Public delay gives users and counterparties time to inspect, exit, or challenge a decision. Emergency powers should be narrow, temporary, and reviewable.

Governance should also resist **performative decentralization**. Creating thousands of small wallets controlled by insiders does not distribute control. Adding a token vote in which a treasury-controlled wallet holds most voting power does not create plural governance. True decentralization should be measured by independent beneficial ownership, signer diversity, concentration metrics, proposal participation, independent development, and the share of critical infrastructure outside founder control.

> **Governance proposition.** The optimal path is not maximum decentralization on day one; it is a credible reduction in unilateral discretion as technical and institutional capacity increases.

This gradualism is consistent with the reserve thesis. Monetary institutions earn trust through repeated adherence to rules. PTS governance should make that record public and measurable.

23. Security & Authority Architecture

PTS security has two layers: security of the underlying Solana Token Program and security of the authorities that configure PTS within it. Solana's token model separates mint authority from freeze authority. The mint authority can create additional units; the freeze authority can freeze token accounts. Setting an authority to `None` permanently removes that authority for the relevant mint under the standard token model [22]. Metadata has a separate update authority through the metadata program.

At the time of this draft, all three relevant authorities - mint, freeze, and metadata update - are associated with the founder/creator wallet. The target pre-launch architecture is different.

Mint authority: transfer from founder control to a Points Foundation governance multisig or narrowly scoped protocol controller. Retain only because future burn-and-mint or migration architectures may require mint capability. Policy should prohibit minting that increases global economic supply above 1 billion.

Freeze authority: revoke after final technical and legal confirmation. Removing freeze authority prevents the issuer from freezing arbitrary PTS token accounts and strengthens the asset's neutrality. The tradeoff is that freezing can be useful in some compliance or incident-response scenarios. For a globally transferable reserve asset, the default thesis favors non-freezability at the token level while regulated applications retain their own account-level compliance controls.

Metadata update authority: transfer from founder control to Foundation governance and retain while branding, URLs, chain registries, and canonical information may require updates. Metadata can be made immutable later if the ecosystem concludes that the benefits of permanence exceed the need for maintenance.

The multisig itself should not be a single institutional monoculture. Signers should use hardware-backed custody, operate from separate devices or custodians, and represent distinct roles. A threshold such as 3-of-5 or 4-of-7 can reduce single-key risk, but the exact design should follow operational capacity. Signers should have documented succession procedures and recovery mechanisms.

Critical governance transactions should be simulated and independently reviewed before execution. Authority transfers are particularly sensitive because a typographical error can permanently send control to an inaccessible address. The canonical Treasury address has now been confirmed as `FLV5wvYQkNgPzD6MLY31zMPFrqhB18pLvxijXkXYptaz`; nevertheless, no authority transfer should occur without verifying the destination directly from the receiving wallet, current on-chain account state, and an independent out-of-band confirmation at signing.

Cross-chain security adds another layer. Bridge managers, transceivers, upgrade keys, rate limits, and accountants should be treated as part of PTS monetary security. A bridge exploit that mints unbacked PTS is economically equivalent to unauthorized monetary expansion. Wormhole's Global Accountant is an example of a defense-in-depth mechanism, but no external protocol eliminates the need for Points-side monitoring [21].

The network should operate a public **security status page** containing authority addresses, multisig thresholds, timelocks, audited contracts, bridge limits, incident history, and bug-bounty information. Material changes should be announced before they take effect unless disclosure would worsen an active exploit.

> **Security principle.** The strongest reserve-asset promise is one that remains true even if a founder changes their mind, loses a laptop, leaves the project, or faces short-term financial pressure. Architecture should minimize the number of promises that depend on personal restraint.

Security maturity should be treated as cumulative. The first objective is removing unilateral founder authority. The second is multi-party and time-delayed governance. The third is narrow protocol control and independent monitoring. The fourth is resilience across chains and institutions.

24. Roadmap

The PTS roadmap is organized around economic gates rather than promotional dates. The timeline can accelerate or slow depending on legal review, technical readiness, adoption, market quality, and Foundation formation. The sequence matters more than the calendar.

Phase 0 - Genesis and Audit

The 1 billion Solana supply has been minted and reconciled across five genesis allocation wallets. Token metadata, decimals, mint, freeze, and update authorities have been identified. The next tasks are to correct public address discrepancies, establish the definitive tokenomics record, and publish a pre-launch supply snapshot. No market should be treated as fully launched while canonical addresses or governance status remain ambiguous.

Phase I - Governance and Transparency

Form the Points Foundation structure and establish governed custody. Create a Foundation multisig. Transfer mint and metadata update authority away from the founder wallet. Revoke freeze authority after final confirmation. Publish treasury policy, circulating-supply methodology, wallet labels, authority status, founder vesting policy, Strategic/Investor Reserve policy, and a live transparency endpoint. Release this whitepaper after counsel and technical review.

Phase II - Utility Launch

Complete end-to-end PTS integration in ThePoints.io. Eligible activity should generate a documented reward record; users should be able to view earned, pending, and available balances; claim flows should settle PTS to verified wallets; agent connections should expose balance and status through scoped permissions; and anti-farming controls should be active. At least one authentic **Earn -> Hold -> Use/Transfer** loop should exist before the token is marketed as utility-backed.

Phase III - Market Formation

Establish a PTS/USDC market with deliberately limited initial liquidity and clear disclosure of thin-market risk. Avoid price targets, artificial volume, and claims that fully diluted valuation represents capital raised or economic value. Expand liquidity in response to real trading and user demand. Submit accurate token metadata to major ecosystem directories and pursue Jupiter discoverability or verification as organic activity develops.

Phase IV - Ecosystem Expansion

Launch merchant, developer, and agent-partner programs. Measure the share of PTS utility generated outside ThePoints.io. Develop grants for independent integrations, machine-readable token and supply registries, wallets, market data, and developer APIs. Increase reward selectivity as mature activities become self-sustaining.

Phase V - Multichain PTS

Deploy PTS to additional networks only where user or developer demand is demonstrated. Implement hub-and-spoke or burn-and-mint interoperability under audited supply accounting. Publish chain-specific contracts and global reconciliation. Expand institutional custody, liquidity, and risk systems.

Phase VI - Reserve and Treasury Adoption

Encourage - but do not manufacture - voluntary treasury use by agents, merchants, protocols, and institutions. Develop appropriate collateral and lending infrastructure only after liquidity is sufficient for prudent risk management. Publish reserve-adoption metrics such as holding duration, independent treasury balances, and non-first-party settlement activity.

Phase VII - Evaluate Points Chain

Commission technical and economic studies on a dedicated L1 only if existing chains demonstrably constrain the network. Define security model, validator economics, execution requirements, migration mechanics, and 1 billion supply continuity. Launch only if the benefits of sovereignty exceed security and fragmentation costs.

> **Roadmap rule.** The network should be willing to remain at a phase indefinitely if the gate to the next phase has not been met. An unfinished roadmap is preferable to an economically unjustified chain, bridge, lending market, or token utility.

The roadmap's final objective is not a particular blockchain. It is a monetary network that can support autonomous economic activity with increasing openness, credible scarcity, and independent utility.

25. Risks / Counterarguments

A skeptical monetary economist's review

A serious peer review would begin by narrowing the claim. **PTS is not currently money in the full textbook sense, not a safe asset, not an official reserve currency, and not evidence of de-dollarization.** It is a newly created digital asset with concentrated genesis ownership, active administrative authorities, limited public distribution, and an unproven demand curve. The reserve thesis is therefore a hypothesis about a possible future equilibrium, not a description of the present.

The strongest version of the thesis is also the most falsifiable: PTS could become a *network reserve asset* if it supplies enough non-price services that independent agents, merchants, developers, protocols, and treasuries voluntarily hold positive balances between transactions. That claim can be tested. The weaker promotional claim - that scarcity plus AI growth implies appreciation - cannot be defended as monetary economics.

A skeptical reviewer would raise at least eight challenges:

- **Category error:** reserve currency, reserve asset, collateral asset, loyalty token, and speculative asset are different economic objects. PTS must demonstrate which category it occupies empirically.
- **Unit-of-account problem:** if virtually all prices, contracts, accounting, and liabilities remain in dollars, PTS may become a reserve or collateral asset without becoming money in the full sense. The thesis should accept that possibility rather than redefine success.
- **Safe-asset problem:** a volatile token cannot plausibly claim the insurance and information-insensitive properties associated with sovereign safe assets [38][39][40].
- **Elasticity problem:** a hard supply ceiling can support scarcity but is poorly suited to expand settlement liquidity in a panic [41]. The layered USD/USDC-plus-PTS architecture is therefore essential, not optional.
- **Substitution problem:** if USDC, bank rails, SOL, ETH, or internal credits reproduce PTS functionality more cheaply, the token is bypassable.
- **Subsidy problem:** rewards can create sellers rather than holders. Distribution is economically productive only if it creates future utility or retention.
- **Incumbency problem:** monetary network effects strongly favor already-liquid assets. Network effects are not an argument that a new token wins; they explain why entry is difficult [7][37].
- **Identification problem:** rising price, volume, holders, and social attention are endogenous and can all move together without proving causation. The project must distinguish speculative cycles from product-induced demand.

The remainder of this section treats those objections as design constraints rather than rhetorical attacks.

A credible whitepaper should present the strongest reasons its thesis may be wrong. PTS faces material economic, technical, institutional, regulatory, and market risks. Several can cause permanent failure rather than temporary volatility.

Existing money may be good enough

The most fundamental counterargument is that AI agents do not need a new reserve asset. Bank deposits, cards, instant-payment networks, stablecoins, BTC, ETH, SOL, and future financial APIs may satisfy nearly every useful function. Agents may prefer stable balances and route through existing assets without maintaining PTS. If PTS-specific utility does not reduce cost or increase capability, rational agents should not hold it.

The autonomous economy may develop more slowly than expected

Agentic AI research identifies meaningful potential, but adoption remains early [1][2][3]. Legal liability, security, user trust, model reliability, and authorization infrastructure may limit delegation. A thesis based on billions of high-frequency autonomous economic actors could be premature by years or decades.

Scarcity does not create demand

The 1 billion policy can make supply predictable, but value remains demand-dependent. A scarce asset with weak utility can trade at a low price. No equation in this paper provides a price target or expected return. PTS may lose substantial or all market value.

Liquidity and volatility may remain poor

Early PTS markets are expected to be thin. Small trades can cause large price changes. Thin liquidity makes merchant acceptance, treasury management, lending, and collateral use difficult. Market makers and Foundation liquidity can improve execution but also create concentration and dependency.

Initial ownership is concentrated

Five genesis allocations currently control the full supply. Treasury, investor, and founder holdings can create perceived or actual overhang. Vesting, disclosure, and gradual distribution reduce but do not eliminate this risk. Large holders may have incentives different from small users.

Governance may fail

A Foundation can be captured, inactive, conflicted, or incompetent. Multisig signers can collude. Token voting can become plutocratic. Emergency powers can be abused. Related-party transactions with ThePoints.io can compromise independence. Governance credibility must be earned repeatedly.

Retained mint authority creates trust risk

Keeping mint authority preserves multichain optionality but means the 1 billion cap is not yet immutable on Solana. A compromised or malicious authority could mint excess PTS. Multisig, timelocks, programmatic constraints, and public accounting reduce this risk; permanent revocation is stronger but less flexible.

Cross-chain systems can fail catastrophically

Bridges have historically been high-value attack surfaces. A failure can create unbacked assets, frozen liquidity, or inconsistent supply. Even audited systems can contain bugs or governance vulnerabilities. Rate limits, multiple verification mechanisms, and global accounting are necessary but not sufficient.

Regulatory classification may change

The SEC's March 2026 interpretation provides greater clarity and recognizes that many cryptoassets are not themselves securities, while also emphasizing that a non-security cryptoasset may be offered or sold subject to an investment contract depending on representations and managerial efforts [23]. The August 2026 Regulation Crypto Assets framework remains proposed, with comments due October 20, 2026 [24]. Courts, Congress, state regulators, the CFTC, FinCEN, tax authorities, and foreign regulators may take positions that change distribution or utility economics. Offshore Foundation formation does not eliminate these exposures.

Money-transmission and payments regulation may constrain utility

FinCEN guidance treats administrators and exchangers differently from users [25]. Product features that transmit value, exchange assets, hold customer funds, or enable autonomous payments can implicate licensing, AML/CFT, sanctions, and consumer-protection obligations. Points must rely on appropriate regulated infrastructure and legal analysis rather than assume tokenization avoids payment law.

Stablecoin and dollar dominance may strengthen

The macro story may move in the opposite direction from popular de-dollarization narratives. Federal Reserve research says the dollar remains far ahead of alternatives [5]. Dollar stablecoins may actually reinforce the dollar by extending it onto programmable rails [5][28]. The world can remain dollar-dominant for decades. The PTS thesis is therefore more robust if it positions PTS as a complementary private network reserve asset rather than betting on imminent sovereign monetary displacement.

Fiscal concerns do not imply dollar collapse

U.S. public debt and interest costs are serious fiscal variables. CBO projects debt held by the public rising from 101 percent of GDP in 2026 to 120 percent in 2036 and 175 percent at the end of its 30-year projection; net interest is projected at more than $1 trillion in 2026 [26]. IMF analysis notes U.S. net interest payments of about 4.2 percent of GDP in 2025 [27]. These facts can motivate diversification, but they do not by themselves forecast reserve-currency replacement. The dollar's network effects, institutions, market depth, and safe-asset supply remain formidable advantages.

The reserve-currency analogy may outrun reality

Calling PTS a reserve currency too early can create both reputational and regulatory risk. Until independent treasuries voluntarily hold it and broad liquidity exists, the more accurate term is *candidate network reserve asset*. If official institutions someday choose to hold PTS, the terminology can evolve with reality.

> **Falsification standard.** The long-run reserve thesis should be reconsidered if, after meaningful distribution and utility deployment, PTS remains overwhelmingly speculative, has little voluntary retention, lacks independent integrations, or requires continuous subsidies to sustain basic activity.

The purpose of listing these risks is not ritual disclosure. It is to define the research program. Every risk points to a metric or institutional design problem the network must address.

26. On-Chain Transparency Appendix

This appendix records the current PTS on-chain facts that have been manually verified from Solscan screenshots and project records before this draft. It should be replaced or supplemented by an automated transparency dashboard before broad launch.

A. Token identity

Name: Points

Symbol: PTS

Network: Solana

Mint: `9VGTFmckbLE8A2TWEyv4ncz9nyQBpfUqHUq2qeMWJCJb`

Decimals: 6

Current supply: 1,000,000,000 PTS

Current genesis holder count observed: 5

Token program: Solana Token Program

B. Verified genesis allocation

Category	PTS	Share	Intended wallet / status
Treasury	300,000,000	30%	`FLV5wvYQkNgPz D6MLY31zMPFrqh B18pLvxijXkXYptaz`
Rewards / Marketing	250,000,000	25%	`2w6J9ecsuyhTE mbehK3dx1SDQpp GkTPJEgyDsABy6YhU`
Strategic / Investor Reserve	200,000,000	20%	`FVJTMivCaiCNh pBPXuNnFmjZBQQ bJcTnyyiUWJ41txyv`
Liquidity / Ecosystem	150,000,000	15%	`8iefE2fNYeoHm mjpeX5wGDPxNZ4 ib9psVduf5zKCSufo`
Founders	100,000,000	10%	`BFCvVafkzZTUg ZAAK8FKetVXzxC Pf7HPKpB9oeNah9Su`
Total	**1,000,000,000**	**100%**	

The canonical Treasury address has been confirmed as `FLV5wvYQkNgPzD6MLY31zMPFrqhB18pLvxijXkXYptaz`. Public metadata, governance documents, and any future authority-transfer transaction should reproduce it exactly. The earlier website case discrepancy should be corrected so that every canonical source presents the same address.

C. Current authorities

At the time of the authority audit, the following authorities were displayed as controlled by the founder/creator wallet `BFCvVafkzZTUgZAAK8FKetVXzxCPf7HPKpB9oeNah9Su`:

- **Mint Authority:** founder/creator wallet - active.
- **Freeze Authority:** founder/creator wallet - active.
- **Metadata / Update Authority:** founder/creator wallet - active.

Metaplex metadata showed the token name "Points," symbol "PTS," an IPFS-based metadata URI, a verified creator with 100 percent creator share, and mutable metadata.

D. Target authority state

The proposed pre-launch target is:

- **Mint Authority:** Points Foundation multisig or narrowly scoped governance/supply-control program; retained only for policy-compliant multichain and migration functionality.
- **Freeze Authority:** `None`, after legal and technical confirmation and an irreversible revocation transaction.
- **Metadata / Update Authority:** Points Foundation multisig; retained while canonical information may need maintenance.

No final document should state that these actions are complete until verified directly on-chain.

E. Monetary-policy invariant

Current Solana supply: 1,000,000,000 PTS.

Proposed maximum authorized global economic supply: 1,000,000,000 PTS.

Cross-chain rule: destination-chain PTS must correspond to an equal source-chain burn, lock, or other mechanism that prevents simultaneous spendability.

Current status: governance-enforced policy while mint authority remains active; target is progressively stronger technical enforcement.

F. Public transparency data to publish before market launch

The canonical transparency service should expose:

- chain and mint / contract registry;
- total issued supply by chain;
- bridge locks, burns, and pending transfers;
- global economic supply;
- circulating supply and methodology;
- reserve balances by category;
- founder and strategic vesting / lock status;
- current mint, freeze, and metadata authorities;
- Foundation multisig threshold and signer-role policy;
- liquidity pool addresses and Foundation-controlled LP positions;
- material treasury transfers;
- security audits and incident disclosures.

G. Research metrics for the reserve thesis

A whitepaper should be falsifiable. The Points network should publish, where privacy and law permit, metrics including:

- independent active PTS holders;
- concentration by beneficial category;
- median and distribution of holding periods;
- earned versus purchased PTS entering circulation;
- merchant and developer integrations;
- non-first-party PTS transaction share;
- liquidity depth at defined price bands rather than only volume;
- percentage of rewards retained after 30, 90, and 365 days;
- number and aggregate balance of disclosed independent PTS treasuries;
- cross-chain supply reconciliation error, targeted at zero;
- Foundation treasury burn rate and network output per PTS distributed.

These metrics distinguish a monetary network from a marketing narrative. If the project claims progress toward reserve-asset behavior, outsiders should be able to see the evidence.

H. Empirical research protocol

The following hypotheses convert the whitepaper from a narrative into a research program. Each hypothesis should have a pre-specified measurement window, data definition, exclusions, and publication cadence.

Hypothesis	Primary empirical test	Failure / warning signal
H1. Product-linked distribution	30/90/365-day cohort retention and continuing product activity among reward recipients	Recipients immediately exit PTS and product use does not persist
H2. Incremental utility	Phased rollout, A/B test, or difference-in-differences where feasible; compare outcomes with best non-PTS route	PTS adds no measurable economic benefit after fees, volatility, and integration cost
H3. Voluntary reserve demand	Excess Reserve and Reserve-to-Flow ratios; stated treasury policies; holding duration	Balances are explainable by near-term spending, rewards waiting to be sold, or price momentum
H4. Independent network demand	Share of active addresses, integrations, transactions, and balances attributable to non-affiliated parties	ThePoints.io and Foundation remain the dominant source of nearly all useful activity
H5. Liquidity quality	Depth at defined trade sizes, slippage, realized volatility, LP concentration, shock recovery	Headline volume rises while depth remains thin or liquidity disappears under stress
H6. Monetary credibility	Daily global supply reconciliation; authority logs; timelock compliance; zero unauthorized issuance	Unexplained minting, unresolved cross-chain discrepancy, opaque authority changes

Hypothesis	Primary empirical test	Failure / warning signal
H7. Reward efficiency	Incremental real network output per PTS distributed; retention after reward taper	Increasing emissions are required merely to maintain constant activity
H8. Governance independence	Beneficial-owner concentration, signer independence, approval thresholds, related-party share	Single-person control, hidden common control, or recurrent exceptions to published policy
H9. Cross-chain value added	New users/integrations and economic savings after deployment versus added fragmentation/security cost	Additional chain mostly splits liquidity and adds bridge risk without new utility
H10. Points Chain necessity	Measured recurring external-chain constraints compared with expected L1 security/operating cost	L1 rationale rests primarily on branding, token demand, or control
H11. Price-independent utility	Utility and reserve behavior during flat/down price periods; regression/event-study controls for returns	Activity is overwhelmingly explained by recent PTS appreciation
H12. Stablecoin substitution	Compare user/agent outcomes when PTS incentive or utility is absent versus available	USDC/fiat/SOL route produces equal or better outcome at lower total cost

I. Methods, limitations, and publication discipline

No single metric can prove a monetary thesis. The research program should combine cohort survival analysis, phased rollouts, difference-in-differences, event studies, liquidity stress tests, concentration statistics, and transparent descriptive data. Where randomized experiments are legally and operationally appropriate, they can provide stronger causal evidence. Where they are not, the limitations of observational inference should be explicit.

Three identification problems deserve special attention. First, **selection bias**: users who choose PTS may already be unusually crypto-engaged. Second, **common control**: pseudonymous addresses can make one economic actor appear to be many independent holders. Third, **price endogeneity**: adoption announcements can raise price, and price can attract users, making it difficult to determine whether utility caused adoption or speculation did. Analyses should therefore use beneficial-owner information where lawfully available, exclude known affiliated/internal flows, report sensitivity cases, and control for recent returns when evaluating behavioral metrics.

The network should publish a recurring **PTS Monetary Metrics Report** that includes methodology changes and negative results. Thresholds for advancing between reserve-adoption stages should be announced before evaluation. Failed experiments should be reported rather than quietly retired. A reserve asset earns credibility partly by making adverse information observable.

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Closing note

The PTS thesis is deliberately ambitious and deliberately conditional. The world does not need another token whose economic argument begins and ends with scarcity. It may, however, need financial infrastructure in which autonomous agents can act safely across heterogeneous monetary systems and in which a neutral, programmable, supply-disciplined network asset can coordinate incentives and reserves across that activity. PTS is an attempt to test that proposition in the open.

The measure of success will not be a launch-day price. It will be whether independent economic actors choose, over time, to **earn PTS, use PTS, integrate PTS, and retain PTS when they are free not to** - and whether those behaviors survive lower rewards, flat or falling token prices, competing settlement assets, and increasingly independent governance. Version 0.2 therefore treats the reserve thesis as a research program whose credibility rises only when evidence survives skeptical tests.

End of Draft v0.2 | September 2026