

Investment Thesis

XRP Ledger

XRP

Token type	Cryptocurrency
Price	\$0.313
Sector	Payment Platform
Market Cap	\$16.03B

Key Figures

52-Week Range	\$0.29 - \$1.42
Market Rank	#8
Market Capitalization	\$16.03 billion
Volume (24h)	\$593,779,027
Volume / Market Cap	0.0387
Circulating Supply	48,343,101,197
Max. Supply	100,000,000,000
ATH	\$3.30
ATH Date	January 4, 2018
Down from ATH	-90.52%

Overview

XRP aims to **complement traditional payments** by leveraging blockchain technology. It was launched in 2013 by **Ripple** (at that time, OpenCoin), a company founded by **Chris Larsen** and **Jed McCaleb**. The core thesis behind XRP is that most users would prefer to access some of the benefits of cryptoassets – namely, increased speed and lower transaction costs – through the **convenience and safety of their established banking relationship**. XRP Ledger deviates from Bitcoin's proof-of-work consensus mechanism, which promotes free competition between miners. Instead, only approved participants are allowed to run servers and maintain a **"Unique Node List"** to create consensus on the network. This "permissioned" approach potentially makes XRP more suitable for **regulated financial entities** that must comply with strict regulations. Through XRP Ledger, Ripple has found product-market fit in the **cross-border payment industry**, providing a real alternative to fragmented and opaque systems such as SWIFT. More than 300 financial institutions are currently connected to Ripple's payment network.

- In 2012, **Ripple** developed XRP Ledger by leveraging the prior work of **Ryan Fugger**.
- In 2013, Ripple launched XRP. Because there was no mining process, **100 billion tokens** were released at inception, of which 80 billion were allocated to the company and 20 billion to the founders.
- In 2015, **FinCEN fined Ripple** for violating the bank secrecy act, prompting them to add stricter requirements to the XRP network.
- In late 2020, the **SEC filed a lawsuit against Ripple**, arguing that XRP satisfies the Howey test's requirements and is thus a security. As of July 2022, the case is still unresolved.

Key takeaways

- XRP aims to **complement traditional payments by leveraging blockchain technology**.
- The **"permissioned"** design of the network **favours regulated financial entities** that must follow strict anti-money laundering requirements.

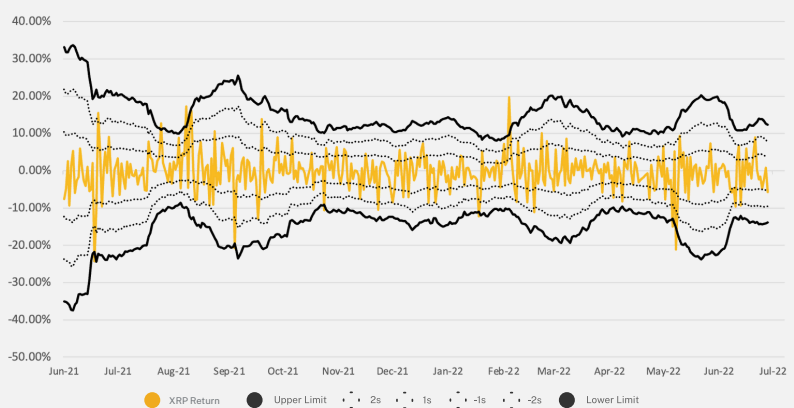
Risk factors

- Whereas Bitcoin and most cryptoassets offer censorship-resistance and self-sovereignty as key value propositions, **XRP Ledger is a bet on blockchain technology while maintaining the status quo**.
- **Regulatory uncertainty** regarding the SEC lawsuit and implications for XRP investors if Ripple loses the case. For instance, US-based exchanges such as Coinbase have de-listed XRP from their platform.

Figure 1:
Price Performance (5-years)



Figure 2:
XRP 1-Year Implied Daily Volatility



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