Community Call

Why?
How?
What?

Why does the world need OpenDEX?

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- "I don't trust custodial exchanges"
- "DEX is the future!"

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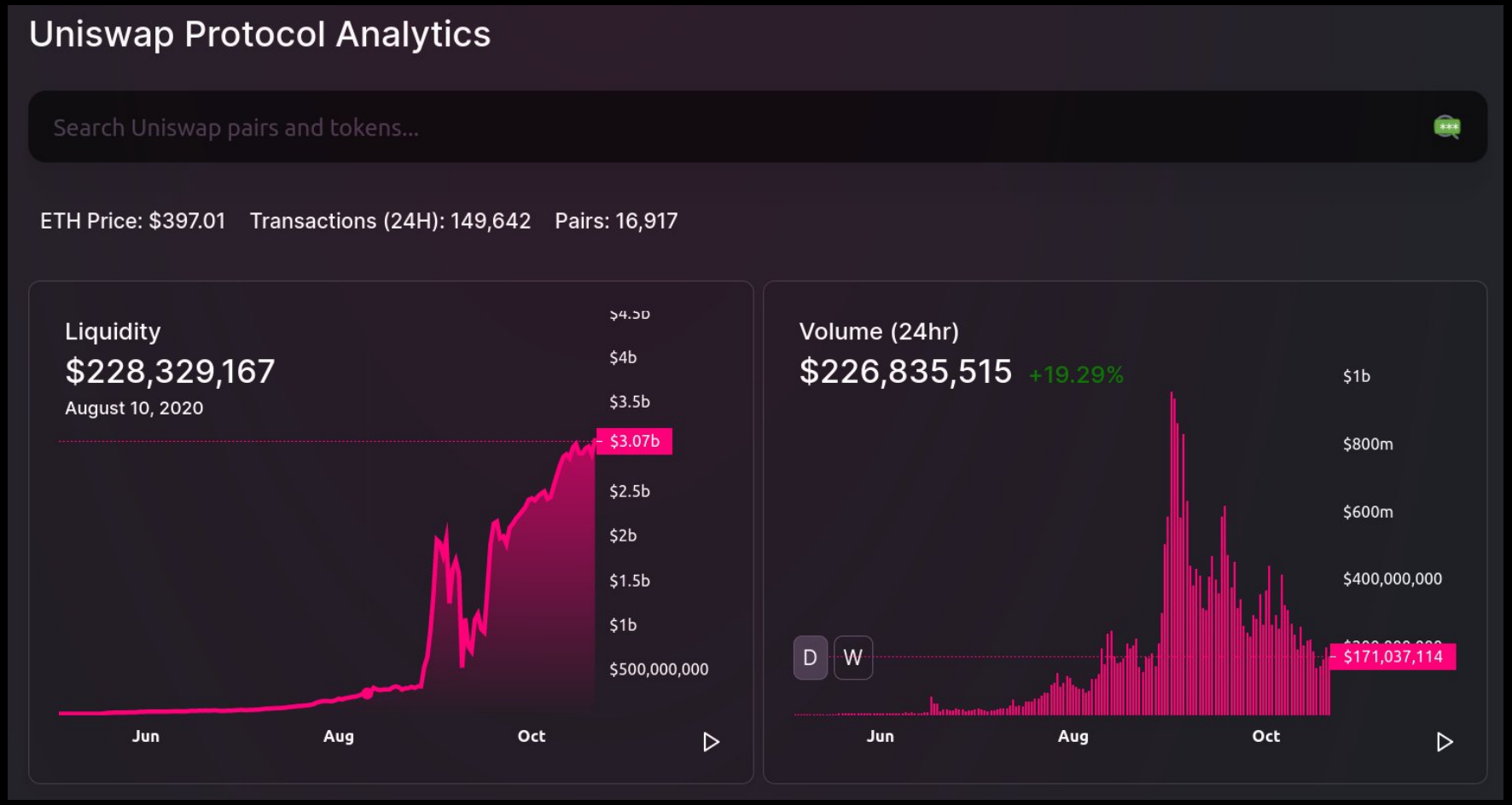

But... Uniswap!

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- Almost all DEXes are on-chain -> slow + only very large trades are economical because of miner fees

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- Speed. Settlement on L2 via Lightning & Connext Networks.
- Liquidity. Bootstrapped from large CEXes like Binance with a built-in financial incentive.

Supply: Where does liquidity come from?

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Market Makers.

Unlike CEX, where Market Makers are typically paid by the Exchange or Token issuer, OpenDEX was designed with a built-in revenue model for market makers: **Arbitrage**.

Arbitrage?

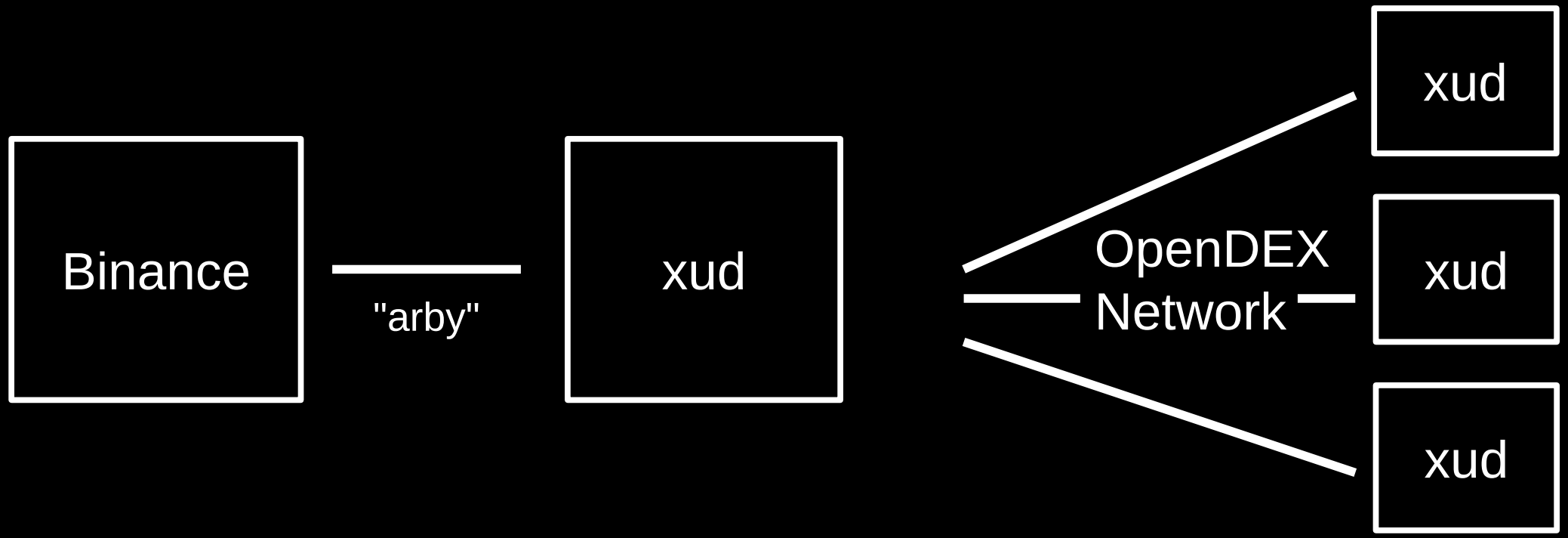
- OpenDEX needs decent liquidity to function, like every market
- Most of the current liquidity sits on CEXes, like Binance
- Market Makers “transfer” liquidity from Binance into OpenDEX
- Built-in incentive for Market Makers to do their thing:

Arbitrage between Binance & OpenDEX

In simple words: “Issue order on OpenDEX with a markup. When filled, turn around and do the counter-trade for a better price on Binance.”

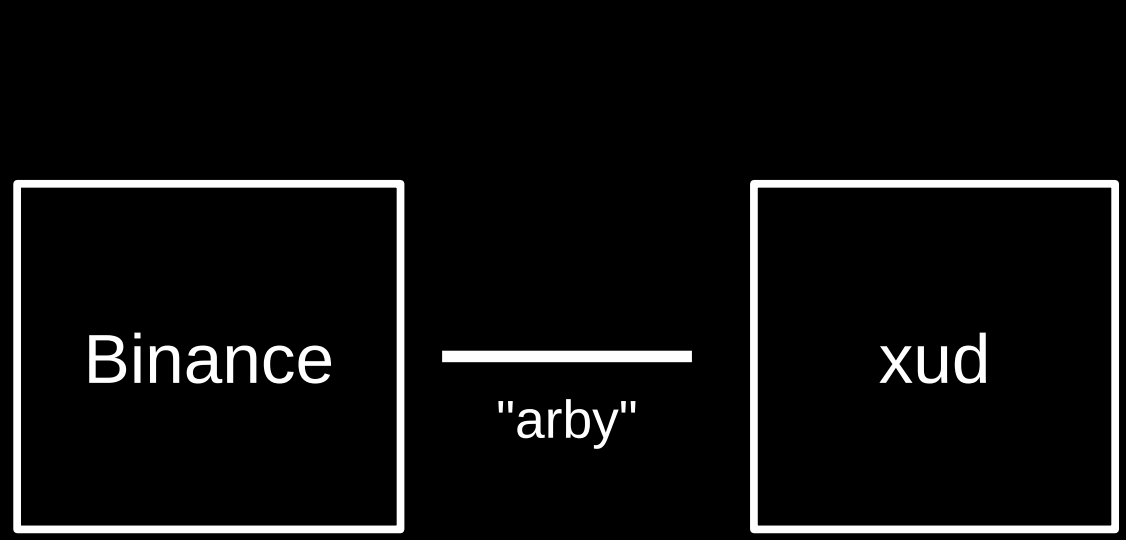
How does it work?

Market makers use **xud**, the OpenDEX reference implementation and arby to connect xud to e.g. Binance

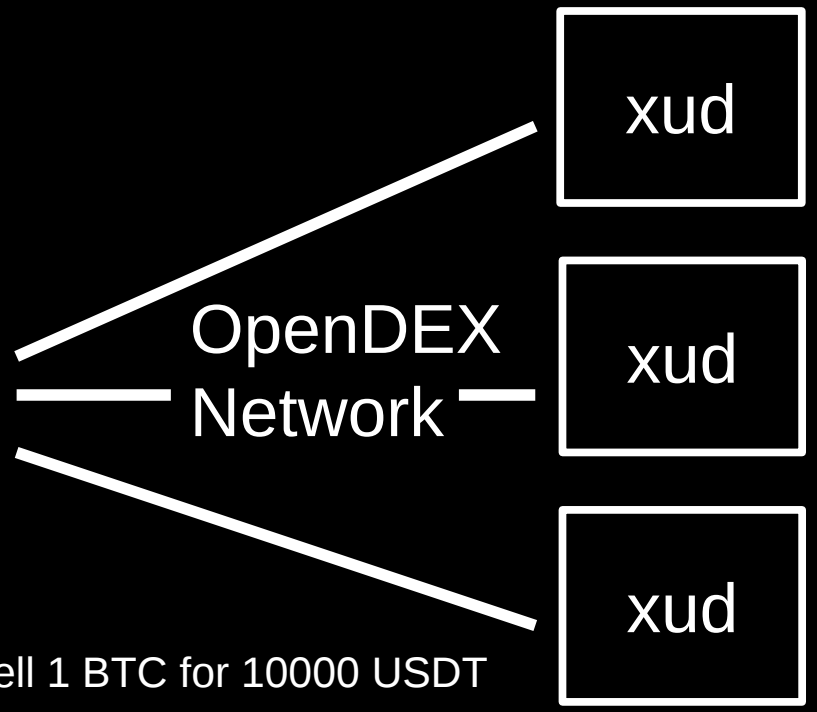


How does it work?

Locking in profits with every trade



Buy 1 BTC for 9900 USDT



Sell 1 BTC for 10000 USDT

This is real.

Binance | OpenDEX

Date	Pair	Type	Side	Average	Price	Executed	Amount	Total	Trigger Conditions	Status
2020-07-28 17:51:24	ETH/BTC	Market	Buy	0.028720	Market	0.012	0.012	0.000345 BTC	_	Filled
2020-07-28 17:50:44	ETH/BTC	Market	Buy	0.028714	Market	0.012	0.012	0.000345 BTC	_	Filled
2020-07-28 17:43:57	ETH/BTC	Market	Buy	0.028666	Market	0.012	0.012	0.000344 BTC	_	Filled
2020-07-28 17:43:57	ETH/BTC	Market	Buy	0.028666	Market	0.012	0.012	0.000344 BTC	_	Filled
2020-07-28 17:43:56	ETH/BTC	Market	Buy	0.028669	Market	0.012	0.012	0.000345 BTC	_	Filled
2020-07-28 17:42:21	ETH/BTC	Market	Buy	0.028695	Market	0.012	0.012	0.000345 BTC	_	Filled
2020-07-28 17:32:35	ETH/BTC	Market	Sell	0.028651	Market	0.036	0.036	0.001032 BTC	_	Filled
2020-07-28 17:30:50	ETH/BTC	Market	Sell	0.028651	Market	0.012	0.012	0.000344 BTC	_	Filled
2020-07-28 17:28:13	ETH/BTC	Market	Buy	0.028612	Market	0.012	0.012	0.000344 BTC	_	Filled
2020-07-28 17:15:52	ETH/BTC	Market	Buy	0.028616	Market	0.012	0.012	0.000344 BTC	_	Filled
2020-07-28 17:15:35	ETH/BTC	Market	Buy	0.028613	Market	0.012	0.012	0.000344 BTC	_	Filled
2020-07-28 17:15:02	ETH/BTC	Market	Buy	0.028613	Market	0.012	0.012	0.000344 BTC	_	Filled

```
mainnet > listpeers
Peers:
```

Peer	Pairs	Details
Alias: CreamFragile Address ([node_key]@[host]:[port]): 0314a964a6a9cca7426e5b6b55d7f0527d36cedd039373fe489a18718c327768a1 @boltz.exchange:8885	ETH/BTC BTC/USDT LTC/BTC LTC/USDT	inbound: false version: 1.0.0-beta.5 time connected: 20537 seconds BTC lnd key: 0261658504...7dc149ceb2 LTC lnd key: 02a4cb9d9c...46382aaa49
Alias: WorldFilter Address ([node_key]@[host]:[port]): 03511b2c587fbe84fee86e5d89e2fc5ec34f2318fd459c466326f0c0cd7507779c @185.220.101.3:20398	LTC/BTC ETH/BTC	inbound: true version: 1.0.0-beta.5 time connected: 12926 seconds BTC lnd key: 029aa5f245...20e3b3f596 LTC lnd key: 03be52f883...75afd7bd8f

```
mainnet > tradehistory
Trades:
```

Execution	Price	Role	Order Id	Order Id (Counterparty)	Swap Hash	Executed At
Sell 0.012 ETH	0.02957748 BTC	Maker	1e60b380...	N/A (WorldFilter)	afa7cc...	7/28/2020, 3:51:23 PM
Sell 0.012 ETH	0.02957233 BTC	Maker	1088b1e0...	N/A (WorldFilter)	bbb03e...	7/28/2020, 3:50:44 PM
Sell 0.012 ETH	0.028 BTC	Taker	2228fb90...	1c6b1a80... (WorldFilter)	e886dc...	7/28/2020, 3:43:56 PM
Sell 0.012 ETH	0.028 BTC	Taker	2228fb90...	d6d8bd60... (WorldFilter)	2f207c...	7/28/2020, 3:43:56 PM
Sell 0.012 ETH	0.028 BTC	Taker	2228fb90...	d596ee90... (WorldFilter)	8db3bf...	7/28/2020, 3:43:56 PM
Sell 0.012 ETH	0.028 BTC	Taker	eabff460...	d0726750... (WorldFilter)	795b85...	7/28/2020, 3:42:21 PM
Buy 0.036 ETH	0.02779244 BTC	Maker	89447810...	N/A (WorldFilter)	cb65f4...	7/28/2020, 3:32:35 PM
Buy 0.012 ETH	0.02778953 BTC	Maker	4c7832f0...	N/A (WorldFilter)	160f8c...	7/28/2020, 3:30:50 PM
Sell 0.012 ETH	0.0294683 BTC	Maker	e7e40f80...	N/A (WorldFilter)	87530e...	7/28/2020, 3:28:13 PM
Sell 0.012 ETH	0.02946727 BTC	Maker	31f4b3b0...	N/A (WorldFilter)	6447b9...	7/28/2020, 3:15:51 PM
Sell 0.012 ETH	0.02947448 BTC	Maker	249600c0...	N/A (WorldFilter)	bee149...	7/28/2020, 3:15:35 PM
Sell 0.012 ETH	0.02947036 BTC	Maker	05d69aa0...	N/A (WorldFilter)	69d2ab...	7/28/2020, 3:15:02 PM

~3% profit with each trade

Market Maker Setup currently requires basic CLI knowledge. Here the guide by Exchange Union.

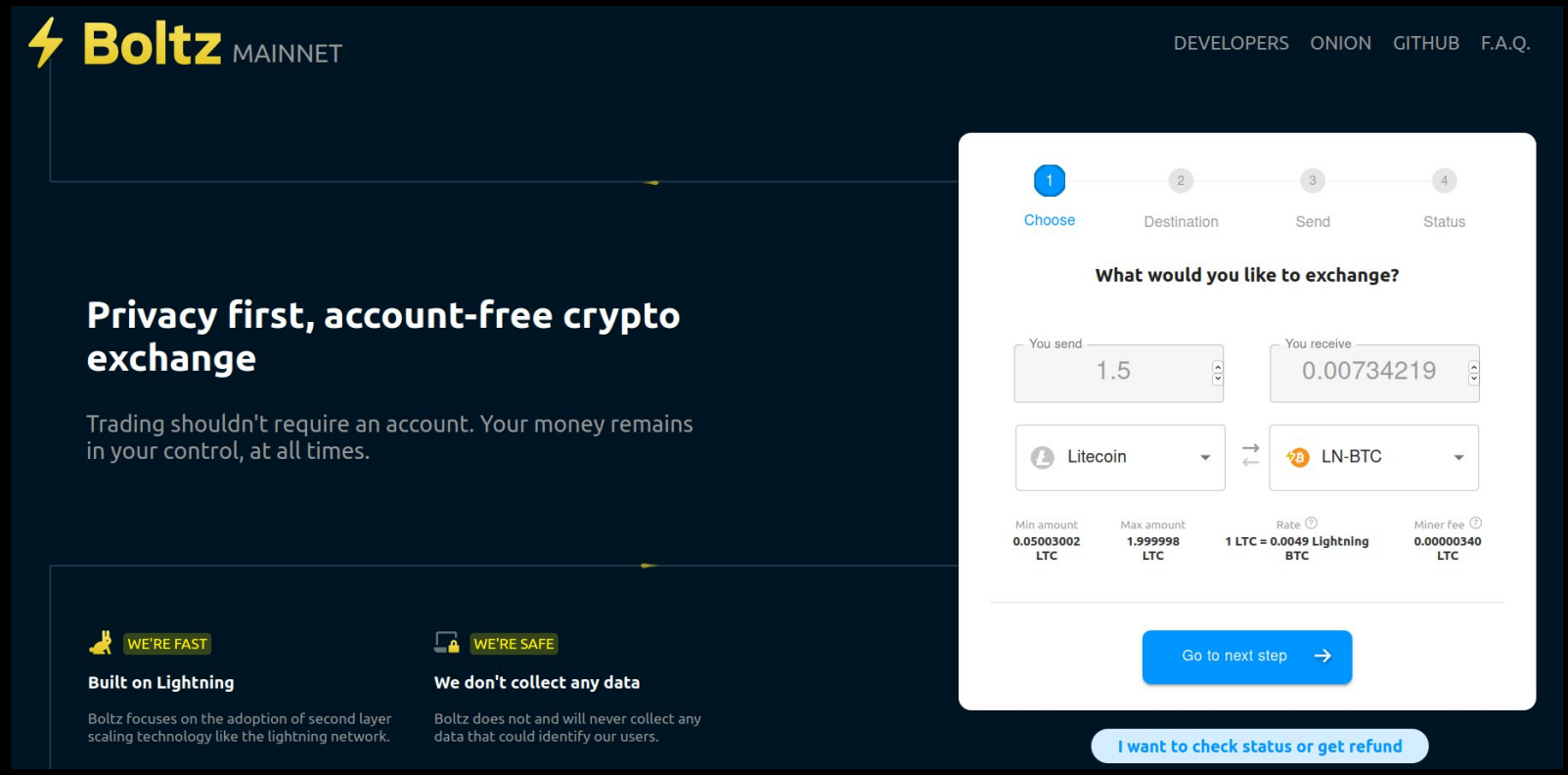
Demand: Who are the takers?

- Next generation exchanges: account-free, atomic swap exchanges
- End-users of these exchanges are retail traders with a smartphone / PC; anyone with the need to easily swap asset a against asset b.

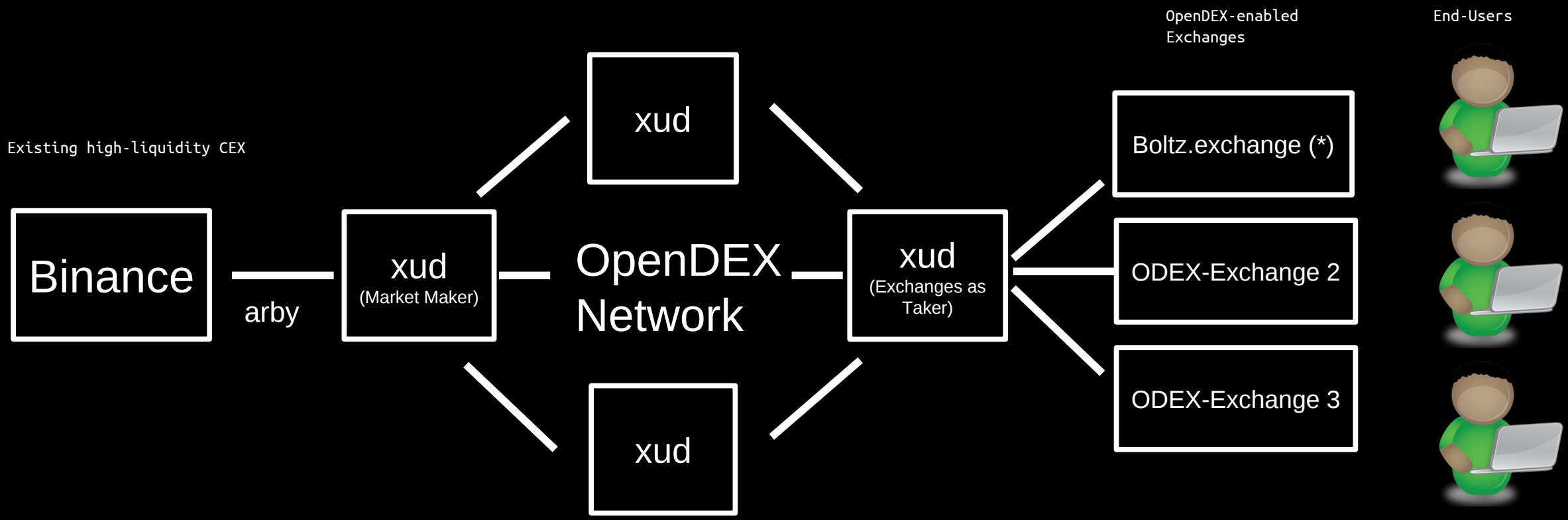
These new kind of exchanges are the main gateway for end-users to access OpenDEX.

Demand: Who are the takers?

boltz.exchange is such an exchange operating 1 year+. It is the first exchange integrating OpenDEX to source liquidity.



Ecosystem Overview



Who benefits?

- **Exchange operator**: open, unstoppable access to liquidity, hedge end-user trades via OpenDEX and provide quotes to end-users just like coinbase/shapeshift. But without the KYC & sign-up part.
- **Market Makers**: making a profit through arbitrage between CEX and OpenDEX.
- **End-user**: Exchanges are compatible with existing wallets on the market, offer great UX. No account, no KYC, no personal data.
- **Exchange Union & other operators in OpenDEX benefit** by selling services to Market Makers and exchange operators. Mainly channel management, liquidity management and technical consulting services.

Who is who

- OpenDEX Network: the network. The technology. The protocol. Community, not a company. Belongs to everyone.

  Compare: the Lightning Network

- xud: the Exchange Union Daemon, the first implementation of the OpenDEX protocol. **A product for Market Makers.**

  Compare: lnd

- Exchange Union: the company behind xud. Offering services for-profit to different stake holders in the OpenDEX network.

  Compare: Lightning Labs

- Boltz: first exchange sourcing liquidity from OpenDEX

Status

- OpenDEX Protocol stable, xud implementation is stable

Released today: **XUD Explorer**

A Desktop App UI to dramatically increase UX for Market Makers.

DEMO

Next Call: Roadmap

What we plan to ship in the next 3 months