

A REAL-WORLD SOLUTION FOR REAL-WORLD ASSETS

From R-Squared Labs

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EXECUTIVE SUMMARY

R-Squared Labs has implemented a layer-1 blockchain ecosystem with a facility for creating, issuing and trading limitless digital assets through and upon a decentralized blockchain, with layers of flexibility, and with accountability. A market for markets.

It allows vetted asset owners (or controlling interests) to create their own individualized exchange rules & earn fees for any trading on the system; & it also allows them to bridge to other platforms throughout the world, whether decentralized or centralized, to tap into more liquidity if they wish to – and/or bridge directly from the native chain to stable coins, including any stable coins offered by banks.

Such an ecosystem solves a “Quint-lemma” which has burdened the advancement and take up of real-world asset tokenization (RWAs):

1. Primary Issuance
2. Accountability
3. Flexibility
4. Secondary Trading
5. Fragmentation vs Monopoly

THE QUINT-LEMMA

1. Primary Issuance. Ethereum Virtual Machines (EVMs) can do this part easily, however a) there are quite a few EVMs out there both public & private & b) there're MORE than quite a few real-world assets out there to say the least, each with its own distinct makeup, meaning each will require its own set of bespoke rules, & each will require its own set of unique smart contracts, likely not just one.

2. Accountability. There needs to be people & entities willing to be held to account for the appropriateness of the offering & willing & able to step in & provide a full-fledged service offering & to do it right. With EVMs as the standard, there's likely going to be massive fragmentation. With no clear common utility, meaning no common technical base (each EVM being its own base), the ROI for such service providers becomes murky, leaving the space ripe for stalling out.

3. Flexibility. Since each RWA is its own beast so to speak, & each needs its own bespoke rule sets with respect to who can own, who can't, will it trade & when & for how long & amongst whom – you'll need a set of built-in functions within the utility itself, especially white listing & black listing for both user accounts and for wholesale markets.

THE QUINT-LEMMA

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4. Secondary Trading. Since each RWA needs bespoke rules, who's going to structure bespoke trading markets for each individual asset? Will centralized exchanges do it? For each and every RWA? That's unlikely. Will EVM decentralized exchanges (DEXs) do it? A bespoke smart contract DEX for each and every RWA? That's also unlikely.

5. Fragmentation vs Monopoly. If either a private chain, or a company operating its own smart contract on a public chain, ever became the common technical standard, they would by definition have a monopoly – which itself would be hard to achieve because of the sheer number of RWA opportunities out there, each with their own unique structures. So we're left with an infinite loop of massive fragmentation versus an almost unachievable monopoly (which traditional finance would never allow anyway).

THE SOLUTION

1. Primary Issuance. The R-Squared blockchain provides the ability to create and issue tokens, with white listing and black listing features for both individual accounts and for wholesale markets, along with the ability to transfer ownership of the token itself once it's created. This is hardcoded into the blockchain, and can be done via a "Clearing House Participant" or "CHP" who acts as a vetter for the appropriateness of the offering.

2. Accountability. Per the R-Squared [white paper](#), CHPs need to be real entities with verifiable backgrounds and expertise who can be held to account. R-Squared Labs, which has already proven the concept by creating a wrapped Ethereum token that can be used to acquire the blockchain's native token, can now act as a vetter for tokenized offerings.

3. Flexibility. With features such as white listing and black listing already hard coded into the blockchain's functionality, a CHP or its proxy can either structure a tokenized offering on behalf of issuers, or vet issuers and allow them to do it themselves. & the issuers can earn fees from the trading of their tokenized assets.

THE SOLUTION

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4. Secondary Trading. The order book and matching engine is already hard coded into the decentralized blockchain, per the [white paper](#). Such a system permits a one-stop shop, which is a true public utility, for secondary trading. This can be enormously impactful for trading in size, ie institutional block trading. Additionally, with already-proven two-way-bridge software that connects the Ethereum native chain with the R-Squared native chain, tokenized asset owners can also plug into other exchanges throughout the world, whether decentralized or centralized, to tap into more liquidity if they wish to – and/or bridge directly to stable coins from the native chain, including any stable coins offered by banks.

5. Fragmentation vs Monopoly. As this is a truly decentralized public blockchain, and therefore a true public utility, anyone can create their own platform for their own “exchange” offering. Behind the scenes, the blockchain will take care of the rest.