# **What Is Tethering, And How Does It Work?**

In 2014, American businesspeople Craig Sellars, Brock Pierce, and Reeve Collins, created a stablecoin cryptocurrency, **Tether**. By connecting its price to that of fiat currencies, it aims to end price volatility (in this case the US dollar).

Tether utilizes the "Omni Protocol." It is the most widely used on the various blockchains and can circulate on ETH, SOL, TRX, BSC, and MATIC blockchains. To enable the creation and redemption of tokens, in this case the USDT (USD Tether), this protocol is an open source software that connects to the Blockchain. Tether reserves fully back currency on the Tether Platform. One USDT equals one USD, and this conversion rate is always the same.

Tether is fully reserved when the total amount of outstanding Tether is less than or equal to the value of Tether reserves.

The stablecoin was made for using the Bitcoin network as a transport protocol. Later, it was introduced on the Ethereum Blockchain as an ERC20 token. This enabled Tether to use a new transport layer to make it available in Ethereum smart contracts or dApps.

Tether and TRON teamed up in 2019 to bring USDT to the TRX network.

## **More about Tether**

Tether was designed to be a stable cryptocurrency that functions similarly to real money. Tether transforms fiat currency into digital money to "tether" or "peg" the value of the currency to the value of other national currencies, such as the US dollar.

In November 2018, Tether teamed with Deltec, a bank and provider of financial services in the Bahamas. It approved Tether Limited after a thorough examination of shareholders, officers, final beneficiaries. Additionally, it ran an investigation of the compliance processes, procedures, and policies.

Tether's reserves have been a source of concern on numerous occasions, particularly in the wake of the de-peg of TerraUSD in 2017. In September 2022, an American judge ordered Tether to show that all USDTs have enough reserves. Tether has produced the needed documents and, in any case, has shown the stability of its coin.