Title: DD on Loopring. Part I The basics.
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After the GitHub leak I thought the GME partnership would make LRC a one way ticket to infinity riding in the side car of the rocket. But then I started to explore what Loopring is and what it offers. I thought I should share some of my tit jacking education from the perspective of someone migrating over from the stock market and on a journey of discovering cryptos.

Part I. The Basics.

Loopring is a non-profit organization. It's not here to make money. It's here to change the game. It's also open-source which means it's not trying to hide anything. Transparency at last! You can see it for yourself on [GitHub](https://github.com/loopring) if you're into that kind of thing.

Currently, if you want to trade on the stock market, you have your funds and assets in an account. This account is centralized and its contents are actually in possession of the brokerage. If you want to trade on Loopring, you have your funds and assets in a secure wallet. This account is decentralized and you own it.

So you have a wallet set up and want to place an order. Your order gets sent to a mesh of relays (also known as DEXes). The current Relays with Loopring are Dolomite.io, WeDex.io, and Loopring.io. Each relay contains the orderbook and the trade history. The receipts are baked in. It's like if you were shopping for a used truck and each one presented came with a detailed history of every oil change, tire rotation, and gas fill up. Multiple relays can talk to each other to find the best deal. Once a good deal is matched, it's sent to the Ring-Miner where it ensures the order can be filled. If everything looks good, it is rolled into a Loopring Smart Contract.

You posted money for your asset. So I'm sure you're curious how the fees worked out. First, there's a calculated margin baked in to your order. It's basically wiggle room for the algorithm to calculate the best deal. If you get better than specified then the miners did their job well! Second, the left over margin is used to reward the winning relay and ring-miners. The entire process is programmed to get you the best deal, and reward the relay getting you the best deal, and cut out some sloth on Wall St skimming off the top or a bad actor trying to screw the little guy.

[What is Loopring? A Beginner's Guide - CoinCentral](https://preview.redd.it/q5e6zrwokoy71.png?width=809&format;=png&auto;=webp&s;=6286902fbb2c9e78933ed75b00b5c6597e124bb5)

The margin is the incentive to participate in providing this marketplace. It's some sort of reward and as we already know the base currency for performing actions is the Loopring Coin (LRC).

If you post an order for a digital asset it will contain: the digital thing, a target amount, a price target, a margin, ***and a specified base rate of LRC you'll pay for this order to be filled***. So a relay/ring-miner fills your order then decides which reward they will accept between the remaining margin is (split between relays that participated), and the offered LRC fee. This ensures that relays/miners will get paid for doing a good job, not for leaving tons of margin. You get what's best, not what has the highest profits for the relays. This is setup like we're the NPC in a videogame offering rewards for our quest. "I'll offer you 10 LRC or the remaining margin if you slay me some good Eth deals."

If you're in this subreddit and reading this you know a bit about LRC. But there are other Loopring Tokens that you should be aware of.

* LRC is for Ethereum
* LRQ is for Qtum

* LRN is for Neo
* Other LRx coins can be created for other networks.

LRC is special through, so lets go into more detail here. First, ownership of LRC grants you participation in decentralized governance! Basically you get voting rights. But out of fear of whales concentrating ownership and taking over, the power is split into tiers.

[Introducing Loopring VIP Tiers. Loopring L2 VIP Tiers — now w√ LRC… | by Byron @ Loopring | Loopring Protocol | Nov, 2021 | Medium](https://preview.redd.it/sinaly41qoy71.png?width=1600&format;=png&auto;=webp&s;=f03d6ae8d26c47b84b9361acaa182831e7e7b383)

Tiers 0-4 are based on how much LRC you own (in a balance), and how much you move over 30 days. Having more also grants you less fees on your transactions.

Everything within the Loopring economic ecosystem prefers LRC to operate including burn rates. Burn rates are the answer to keeping LRC from inflation. It's like federal reserve interest rates baked in to the whole process. It keeps the coins value from depreciating from too many in circulation, making it good for Hodlers and it keeps relays and ring-miners incentivized with rewards that are worth something. Exchanges made with LRC are subject to smaller burn rates. This incentivizes the use of LRC.

Since everything in this brave new Loopy world should run on LRC, you can lock up your LRC on a short term contract to snag a portion of the burned coins. This is called a LRC lock up for fee rebates.

At this point you should have at least three questions:

* How do companies use Loopring?
* How do I stake my coins?
* How do I make money?

Hold on to these as we'll get there.

Part II Patents

If you want to see the health of a company, look at the patents. Loopring is newer technology, so the exclusive rights to key components should be publicly available on patent databases. I ran a quick search through several data bases by searching the term "Loopring" in any possible field. My search was limited to free databases, and patents listed in English. There appears to be more listed in Chinese, but I cannot read it and possibly more behind some paywalls. If someone wants to help fill in this part that would be great!

First, lets check the good ole [US Patent Office](https://patft.uspto.gov/netacgi/nph-Parser?Sect1=PTO2&Sect2;=HITOFF&p;=1&u;=%2Fnetahtml%2FPTO%2Fsearch-bool.html&r;=0&f;=S&l;=50&TERM1;=Loopring&FIELD1;=&co1;=AND&TERM2;=Crypto&FIELD2;=&d;=PTXT). This search yielded two hits.

The first patent was granted in 2019 called: ***Methods for preventing front running in digital asset transactions*** . Holy Anti-Citadel, Batman! That's legit.

From my mediocre understanding, this basically sets your order in a bubble with few possible sellers, it's time stamped/signed, the best deal is found, then it's settled. This keeps each selling relay competing to provide you the best deal. This is a 2-author system where both parties have to sign off on the

arrangement. This prevents aggressive miners/actors from submitting a block early to steal the margin/LRC reward. There is also no need for a middle man and no way for the sellers to collude to snag more margin. Excellent!

The second patent was granted in 2020. ***System, method and program product for generating and utilizing stable value digital assets*****.** Not quite as exciting, but lets take a look.

Stable Value coins (SVcoins) are tied to a currency or other asset. This makes them different from Cryptos like BTC which have a market cap and their value fluctuates based on supply and demand. If someone is minting SVcoins, they must have the collateral to match. On prior exchanges, the transfer of the coin was still subject to supply and demand pressures, but the underlying was still worth a flat rate. It would suck if, for some reason, you had to pay $3 to attain a SVcoin only worth $1 USD. This patent smooths out the process.

[A screen grab from the patent demonstrating how to move SVcoin.](https://preview.redd.it/r4oygr6hlsy71. png?width=366&format;=png&auto;=webp&s;=feddca37261a69ecbe49924aa1cd220bc57ac98b)

This patent seems to have the potential to allow mass adoption of SVcoins which could be a huge transfer into the digital asset world.

Moving on, WIPO - search international did not yield any new results. But, Escapenet- patent search did. These patents did not belong to Loopring, but they specifically mention Loopring somewhere in the patent.

On-chain matchmaking engine matchmaking calculation method based on block chain**.** Submitted by Anhui Gaoshan Tech Co Ltd in summer 2020. They are an import/export matchmaker who runs about $12 billion in revenue per year.

Block chain-based bidding transaction processing method and system, and related nodes. Submitted by the Shanghai Gold Exchange in summer 2020. They are the largest gold exchange in the world which runs about $6.7 trillion in revenue per year.

Holy moly, that's a lot of guacamole set to pass through Loopring.

Part III Businesses Using Loopring.

This list of businesses using Loopring was not easy to find. I'm going to split this into 3 categories: confirmed with press releases, patent watch where there's a connection mentioned but no press release, and rumored. Please feel free to add to this section.

Confirmed partnerships and collaborations as of March 2021:

[Bitfwd](https://loopring.org/#/post/loopring-collaboration-with-bitfwd-community) , [TokenMarket](https://loopring.org/#/post/tokenmarket-to-advance-its-security-exchanges-via-loopring-partnership) , [Changely](https://loopring.org/#/post/loopring-works-with-changelly-for-fiat-to-crypto-lrc) , [Chainlink](https://loopring.org/#/post/chainlink-and-loopring-collaborate-on-oracles-for-zkrollup-dex-protocol) , [Pricewater houseCooper](https://loopring.org/#/post/pwc-hong-kong-collaborates-with-loopring-foundation) , [Coral Financial Technologies](https://loopring.org/#/post/loopring-and-corl-sign-security-token-memorandum-of-understanding) , [SECBIT Labs](https://loopring.org/#/post/loopring-partnered-with-secbit-labs-in-smart-contract-auditing-and-formal-verification) , [03 Wallet](https://loopring.org/#/post/loopring-announces-partnership-with-o3-the-best-neo-wallet) , [Morpheus Wallet](https://loopring.org/#/post/morpheus-wallet-joined-loopring-ecosystem) , [YBF Ventures](https://loopring.org/#/post/loopring-and-ybf-fintech-hub-form-strategic-partnership-to-bring-blockchain-and-dex-technologies-to-businesses-across-australia) , [Blockchain at

Berkley](https://loopring.org/#/post/loopring-partnered-with-blockchain-at-berkeley) , [Jibrel Network](https://loopring.org/#/post/loopring-and-jibrel-network-jointly-disrupt-the-exchange-of-tokenized-assets-2) , [Dolomite](https://dolomite.io/) , [WeDex](https://wedex.io/) , [Rails and Gitcoin](https://medium.com/loopring-protocol/loopring-monthly-update-2020-09-a6c4fae84146)

Patent name drops:

Anhui Gaoshan Tech Co Ltd

Shanghai Gold Exchange

Bank of China

Rumors have been found online:

GameStop

Part IV How does this make money?

It's important to know that is not a stock. LRC does not reflect the value of the company, especially since Loopring is a non-profit.

LRC still has value though, and it's fairly untethered. As previously discussed, the coin has a fixed volume, is deflationary, **and** has actual functions. The basic one already mentioned is voting rights. The fun one that we've been holding on to is staking. You can lock up your LRC for a minimum of 90 days, and you get a portion of the fees that accumulate. Your LRC can make you money by hodling.

[The payout structure of fees](https://preview.redd.it/ya5l5slk1ty71.png?width=1400&format;=png&auto;=webp&s;=9321d4a6fe08c50d86d59fdd970b679ddb18bd7d)

Every time a transaction occurs there are small fees associated. Currently these appear to be about 0.25% per trade. These vary depending on the route the trade takes. For example, P2P, Market, or withdrawals all have different values, but for the sake of easy math we will stick to 0.25% as it's about average.

Now lets take an example that the [Bank of China](https://pic.bankofchina.com/bocappd/report/201903/P020190329601110675116.pdf) completely migrates on to Loopring. *I am completely making these numbers up to illustrate a point. They are in no way promise of what is to come.* BOC passes about 500 billion RMB per year (or $78 billion). There's no way to find how many transactions they have, but if the mean wealth in China is 21,586 RMB, then there are about 23,163,161.3 people with all their money there. If they visit once per month that is 278 million transactions. If each transaction has a 0.25% transaction fee, that's 695,000 RMB divided among all stakers (about 1mil LRC). That's just one example of one business with rounded low ball numbers. **It's like turning on and off a dividend.** Staking for liquidity, DAO, and Insurance are all options upcoming that will net some reward.

If you just want to trade LRC I understand that too. There are only 1.3 billion coins in circulation. A DEX requires 250,000 LRC to be staked and 1,000,000 if the DEX is without data-availability. The 1,000,000 staking grants reduced fees so it should be preferred if there is volume. There are currently 3 known DEXes, which means there should be 3 mil LRC locked away, reducing the float to 1.27 billion. As new businesses add on, more LRC will be staked, further reducing the float, and further driving up the price of the token. This better rewards DEX/relays and hodlers.

Part V Conclusion

This project is cool as hell and I'm glad I found it. This tech has the potential to change the financial world

and I'm here for it. The more valuable we make the LRC, the more attractive it becomes for businesses to adopt and join. It's a self-fulfilling prophecy. Hold it and they will come.

Buy, Hold, Stake. This thing will be huge within a year (probably sooner).

Edit 1: Fixed some math. Fixed some spelling errors.