

Fair Price Discovery with Decentrized Exchange

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Abstract

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1 Introduction

Ever since bitcoin people have been trying to use the same techniques towards a decentralized exchange. Exchange has been well researched and developed in traditional centralized finance for well over a century. [exchange cite]

The word "central" is part of the common definition of an exchange. "A central place where buying and sellers come to find price and execute trades.

The purpose of exchange is two fold. 1 - for price discovery [cite] 2 - for counter party settlement

Due to early bitcoin exchange hacks, Decentrized Exchange or (DEX), has been mostly focused on the non-custodial side for the settlement utility.

We focusing on the real public service of an Exchange, the price discovery utility. We design price discovery within a DEX, with a purpose of "Fair Price Discovery".

With, Fair Price Discovery (FPD), as our goal. We focus on a mechanism designed exchange, for reaching equilibrium which produces price.

Taking inspiration from Rational Protocol Design analysis of Bitcoin, and looking back to the original Bitcoin white-paper.

examining the state of the art in price-discovery, High Frequency Market Making, and electronic exchange matching engines

Since Bitcoin showed us how peer to peer electronic cash was possible, we have re-searching if and how peer-to-peer exchange was possible.

Exchanges are a critical part of the financial markets.

Ecological balance otherwise the order-driven market can collapse Transparency is an important feature

first to win is most important

First document. This is a simple example, with no extra parameters or packages included. not sure

2 Results