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Introducing: The Decentralized Derivatives Association



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2 min read · Oct 10, 2017



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Over the past week, I've seen news for land purchases via the Ethereum network¹, a fully functional decentralized exchange protocol², and even a token looking to do decentralized prescription medication delivery³. All of this and we still don't have a way for parties to hedge their Ether or cryptocurrency risk.

If all of these amazing minds are flocking to the Ethereum space, the first thing we need to do is make sure that risks of any kind can be hedged, calculated, and eliminated.

Introducing the Decentralized Derivatives Association.

The goal of the Decentralized Derivatives Association (DDA) is to provide standardized smart contracts for executing risk transfer in a peer-to-peer, legally compliant manner. DDA is going to decentralize every aspect of

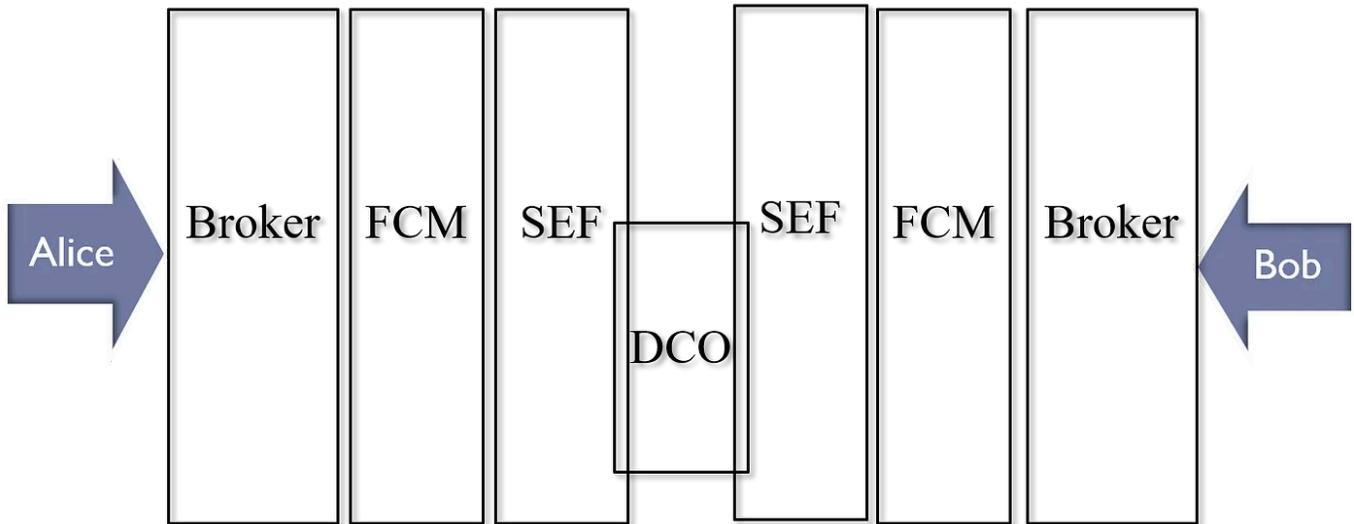
financial swaps from the creation to the execution to the underlying reference rates.

As complicated as this may sound, the idea is simple. Alice and Bob place Ether into a smart contract. The contract then pays out the Ether at some future date based upon the change in the underlying rate or price. Rather than build an FX style trading platform, or limit what contracts you can trade, DDA creates custom contracts where the user and counterparty can change everything from the leverage, the margin, the duration, and even the underlying reference product (crypto is just the beginning).

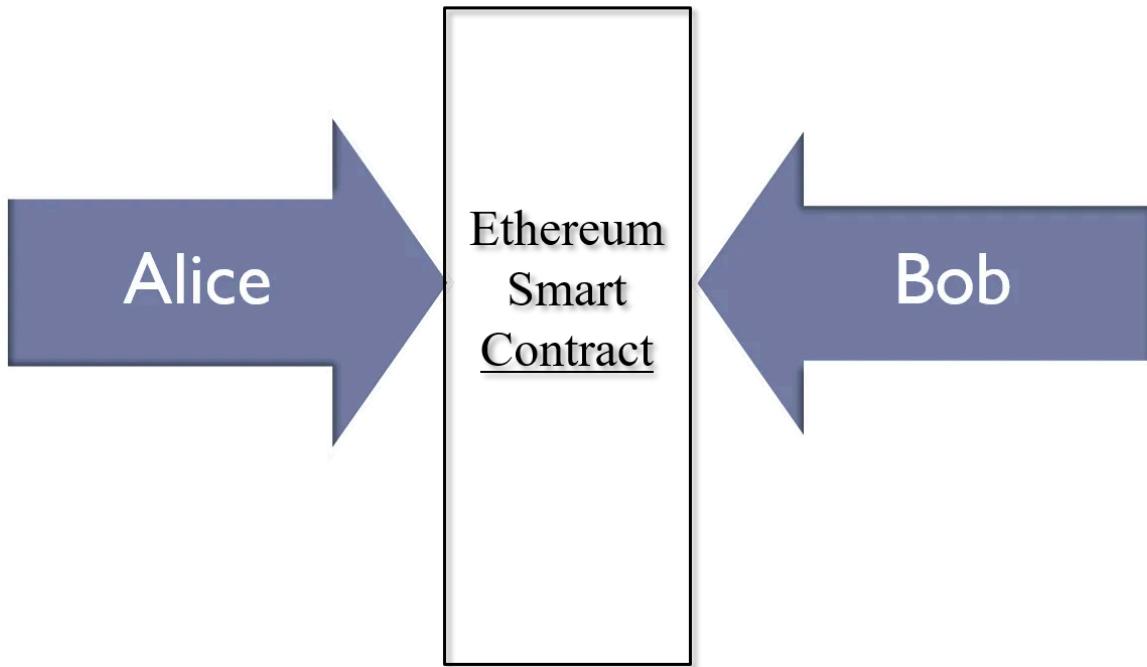
The idea of a stable token, prediction market, or derivatives platform is not a new one in the space. Fraught with technical challenges, nomenclature snafus, and the most of all, regulatory compliance issues, the space has yet to see a truly functional platform.

We've created contracts that work and have a model that is legally compliant. DDA is working every day to bridge the gap between the technology necessary to hedge a risk and the regulatory compliance required to execute it.

We're changing this:



To this:



Decentralized peer-to-peer risk transfer is coming and it will be here faster than you know. For more information, our whitepaper, and to subscribe for updates, visit our website at www.decentralizedderivatives.org.

1<https://blog.decentraland.org/registration-for-the-terraforming-event-acb777025218>

2<https://medium.com/paradex/introducing-paradex-86f72d0f66db>

3<https://www.scriptdrop.io/>

Blockchain

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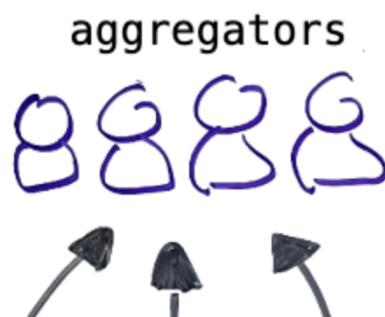


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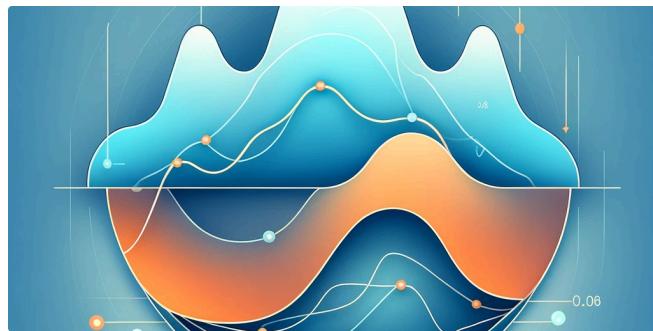
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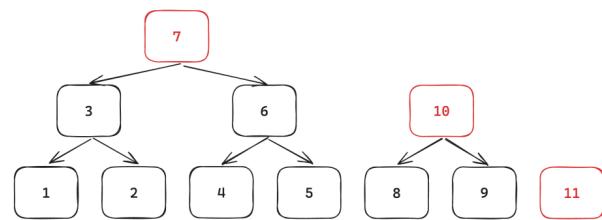


Figure 2: Merkle mountain rage (roots are red)

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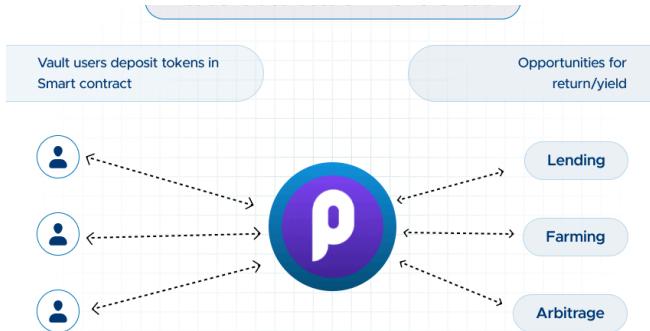
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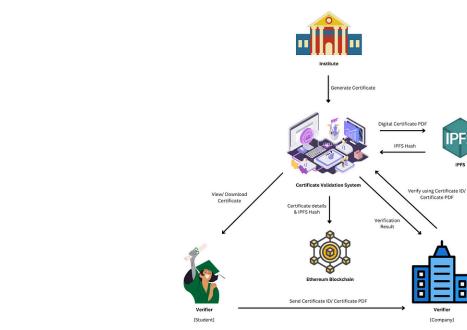
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