



TREX

EXCHANGE WHITEPAPER

07. 10. 2018.



Table of Contents:

- 3 Abstract**
- 3 Introducing the Decentralized Exchange (DEX)**
- 4 Centralized Exchanges**
- 4 The Added Value of Decentralizing Cryptocurrency Exchanges**
- 5 Why choose our decentralized exchange?**
- 6 What are the benefits of using the TREX exchange?**
 - 6 Decentralization and the speed of currency transfers**
 - 6 Number of tokens**
 - 6 Operation in 24/7 system**
 - 7 The deflationary nature of the digital currency**
 - 7 Irreversibility of the transactions**
 - 7 Anonymity of transfers**
 - 7 Ease of use and transparency**
 - 8 Beyond the Ethereum-based trading**
 - 8 Centralized vs. decentralized crypto exchanges**
- 9 Further benefits of our decentralized system**
- 9 Closing Thought**

The Decentralized Exchange

Abstract

The number of digital assets on Ethereum over the past twelve months has increased continuously as more and more use cases are implemented as smart contracts. In our vision, this trend will continue into the future; as such we believe this growth will augment the demand to swap into and out of assets as users move between use cases or rebalance their tokenized portfolios. Exchanges based on blockchain order books are not without inherent limitations, many of which can be mitigated by the design decisions outlined in this paper. We seek to provide an alternative to blockchain order books by specifying a set of protocols that unlock asset liquidity and free the Ethereum ecosystem to progress without such limitations.

Introducing the Decentralized Exchange (DEX)

The potential solution to the dominance of centralized cryptocurrency exchanges is the decentralized exchange or the decentralized exchange protocols (DEXs).

These solutions are trying to build peer-to-peer marketplaces between users directly & anonymously. Some try to take ideas from the structure of centralized exchanges and add decentralized elements, while others take a more radical peer-to-peer approach in the decentralization of digital asset trading. Most adopt the concept of an order book in their design decision while some embrace a more peer-to-peer alternative of directly swapping assets with others. An element which all of the decentralized exchanges share is their non-custodial nature. Users remain in control of their funds only while trading on these platforms. Leveraging the potential of smart contracts, users only give away control over their funds once the trade has been executed. Currently, a common limitation of decentralized exchanges is low levels of liquidity given that most trades are still done on centralized exchanges.

Centralized Exchanges

Fast forward to 2018 and traditional centralized models of custodianship remain the dominant form of storing and exchanging digital assets. The vast majority of digital tokens are currently stored on centralized exchanges. The old structures of centralized store and exchange of value seem to have persisted culturally as well as technically. The development of robust exchange platforms has become critical to advancing the tokenized economy. As the cryptocurrency market goes mainstream, there is massive demand on exchanges to quickly and securely facilitate digital asset trading for the masses.

The Added Value of Decentralizing Cryptocurrency Exchanges

The way cryptocurrency exchanges traditionally work is as follows:

- A user deposits either fiat or cryptocurrency into their account and their balance on the exchange is credited.
- They then utilize the exchange's order book and liquidity pool to buy the assets they desire and sell the ones they don't.
- However, users have no control of their private key and hence, no control of their funds.

Aside from being against the spirit of decentralized finance, these centralized exchanges have proven to be the Achilles heel of the cryptocurrency markets. The bear market of 2014–2015 was triggered by the monumental hack of Mt. Gox, as the Japanese exchange saw hackers make off with 750,000–850,000 bitcoin, worth approximately \$450 million at the time. Since these exchanges function as centralized custodians of customer funds, they serve as a single point of failure liable to be targeted by both hackers and government intervention. With decentralized exchanges however, users control their funds until such time as a peer-to-peer trade is executed. The absence of a centralized server executing these trades

increases the security of the trading process. Being a distributed ledger-based trading system means a hacker would need to commandeer more than half the network to compromise the system.

Why choose our decentralized exchange?

Our decentralized models offer several advantages over others, including, but not limited to the following:

- Clean and easy-to-use interface offers simple solutions for different transactions. Other systems offer a variety of functions, varying in difficulty, but ours is the most user-friendly and the easiest to use. This is not something that is a characteristic of decentralized exchanges, but our engineers have worked hard and succeeded in creating a UX (user interface) that is a pleasure to work with.
- A place of trading that offers a wide and easy overview. The order books and trades can be put in ascending / descending order based on volume, price, date, and quality.
- An unbelievably easy-to-use wallet - this function offers transaction both from and to address to the exchange. You can see all your balances in one place, without having to switch from one work session to another.

Read our Smart Contract here:

[https://etherscan.io/
address/0x2fcA5F257895B8bcEDe0C0D06141B718Ec9a3041](https://etherscan.io/address/0x2fcA5F257895B8bcEDe0C0D06141B718Ec9a3041)

What are the benefits of using the TREX exchange?

Decentralization and the speed of currency transfers

TREX Exchange is independent from financial institutions such as banks. It uses a decentralized database, which is immune to any manipulation. Transfers are being booked immediately, making the express transfers possible, without the need of third parties. With digital currencies exchanges like ours, buyers and sellers are immediately connected. In the case of fiat currencies, we are dependent on the time of posting funds in banks. We hope that soon the payment of digital currencies will become a standard, as it happened in Japan.

Number of tokens

We have more than 500 tokens at your disposal. It is important to note, however, that all coins or tokens are regarded as cryptocurrencies, even if most of the coins do not function as a currency or medium of exchange. Tokens are a representation of a particular asset or utility, that usually resides on top of another blockchain. Tokens can represent basically any assets that are fungible and tradeable, from commodities to loyalty points to even other cryptocurrencies. Creating tokens is a much easier process as you do not have to modify the codes from a particular protocol or create a blockchain from scratch. The main difference between altcoins and tokens is in their structure; altcoins are separate currencies with their own separate blockchain while tokens operate on top of a blockchain that facilitates the creation of decentralized applications.

Operation in 24/7 system

TREX Exchange is operational for 24 hours, 7 days a week. This is one of its major advantages, as it is a very dynamic currency. With the ability of instant exchange, the time barrier has no meaning, as the difference to traditional methods.

The deflationary nature of the digital currency

TREX Exchange is an outstanding medium for long-term investment due to the deflation. Under deflation conditions for the same amount of coins we will be able to purchase more goods or services. In addition, more and more companies around the world offer the ability of paying the bill in digital currency.

Irreversibility of the transactions

Unlike bank transfers, TREX Exchange transactions cannot be undone. Therefore, when performing transfers and operations on funds, be very careful, but thanks to the fact that we check the transfer several times before we send, we gain:

- immediate transfers to any place in the world
- information openness thanks to Blockchain
- currency resistant to debt

Anonymity of transfers

In order to transfer a digital currency, we do not need to go through the verification process, since the recipient's wallet address will be enough to make a transaction. However, keep in mind that every transaction is stored permanently and publicly on the network. There are no third-parties involved, the blockchain allows users to trade and / or swap directly.

Ease of use and transparency

You can transfer into and out of an external address to the exchange with ease. You have an instant overview of your balance or balances, without hidden and hard to find sub-menus. In addition, the user interface is also a pleasure to use and offer full transparency. You may filter your account's details according to balances, order books, trades, volumes, price, date, and quantity as well. Therefore, in addition to offering the same anonymity, we also provide you with a better user interface than all the other centralized crypto-exchanges.

Beyond the Ethereum-based trading

You can exchange / trade from and to the TREX Token through the use of the Ethereum ecosystem. Soon after launch, the USDX - Exchangeum will be introduced (a stable coin with a value of 1 USD) as a token, which will serve as a base market later on.

Centralized vs. decentralized crypto exchanges

Centralized exchanges are trading platforms that function like traditional brokerage or stock markets. A CCE is owned and operated by a company that maintains total control over all transactions. Users of CCEs do not have access to the private keys of their exchange account's wallets. This puts all of user's trust in the hands of the exchange operators, as transactions can only be made through the mechanisms provided and approved by a central authority. Choosing between CCEs and DCEs is not exactly cut and dry, as they both have their own advantages and disadvantages. These days, CCEs provide more functionality to their users, one must remember that the burgeoning cryptocurrency industry was born out of the emergence of blockchain (distributed ledger) technology. The emergence of cryptocurrencies as a new form of money has had a massive impact on societies around the world. We have seen cryptocurrencies produce +10,000% returns over the last several years, and some continue their climb. Since governments do not centrally control cryptocurrencies, one of the most significant results of the blockchain craze has been the decentralization of money issuance.

Further benefits of our decentralized system

The most obvious benefit to using a decentralized exchange over a centralized one is their “trustless” nature. You are not required to trust the security or honesty of the exchange since the funds are held by you in your personal wallet and not by a third party.

Another advantage to the decentralized model is the privacy it provides. Users are not required to disclose their personal details to anyone, except if the exchange method involves bank transfers, in which case your identity is revealed only to the person that is selling or buying from you.

Closing Thought

Decentralized Exchange is a new paradigm of trading technology which is assisted by Blockchain.

Join us in this epic financial revolution!