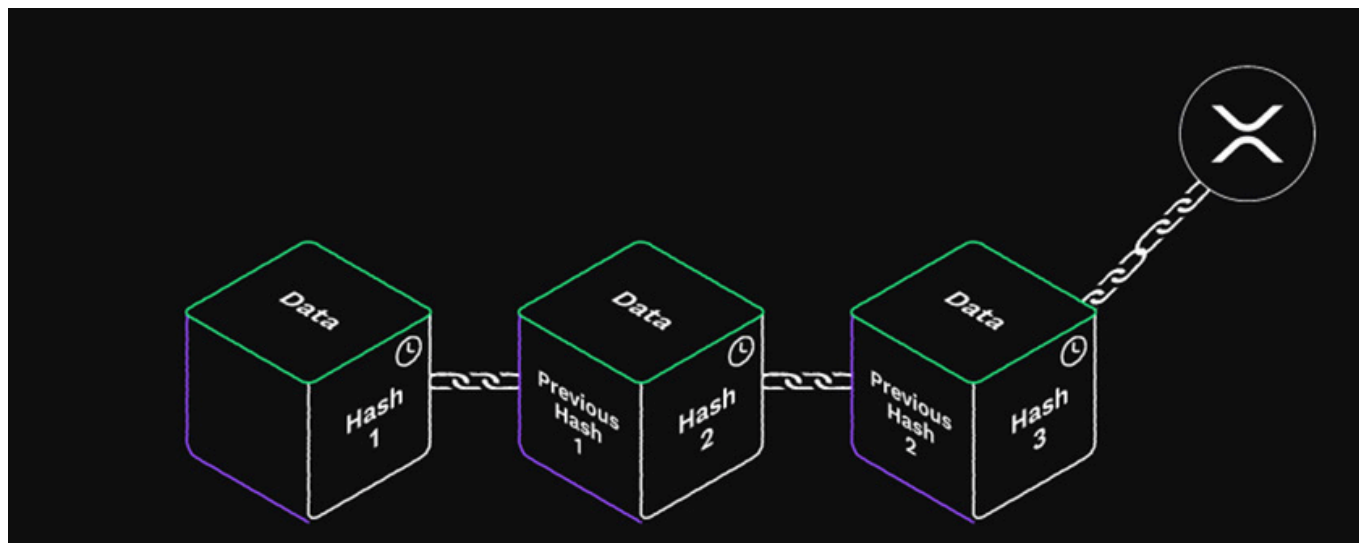


# Ripple (XRP): Popular Crypto in Japan - Analysis & Performance

## EXECUTIVE SUMMARY

- **Ripple Background:** Ripple's roots, established in 2004, is a fintech company that uses the XRP Ledger for international payment. Launched in 2012, it aims to provide faster, cost-effective, and transparent cross-border transactions.
- **Technological Progress:** Ripple, a decentralized crypto, utilizes the Ripple Protocol Consensus Algorithm to verify transaction data, enhancing transparency in cross-border transactions and serving as an alternative to traditional banking systems.
- **Ripple in the Japanese Investor:** Ripple, recognized as the most actively traded crypto in Japan, has attracted considerable investments from various Japanese financial institutions and corporations via strategic partnerships.
- **Ripple Outlook:** RippleNet, with the backing of 45+ countries and 6 continents, has established partnerships with more than 300 financial institutions and enterprises across the globe.
- **Performance:** Ripple's growth, alongside regulatory challenges, and market events have strengthened its market position, with strategic partnerships and function as a bridge currency to facilitate the payment between different fiat currencies have positioned it as the leading crypto asset.

## BACKGROUND

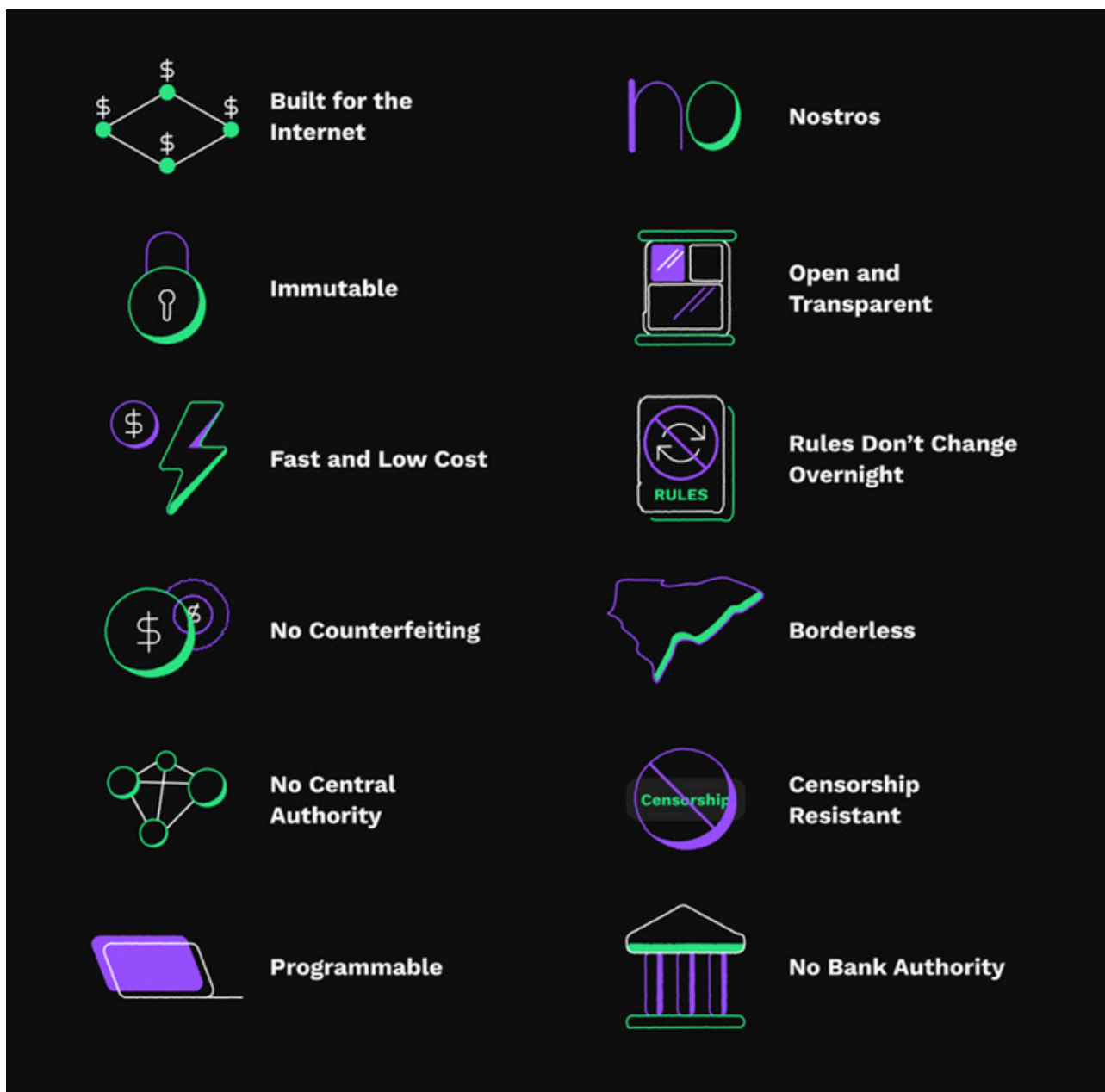


Ripple, a foundational technology, was created in 2004 by Canadian programmer Ryan Fugger. In 2012, the company OpenCoin Inc., which later became Ripple Labs, Inc. ("Ripple"), was founded as a fintech company. The payment protocol utilized on RippleNet, an international payment network leveraging distributed ledger technology (DLT) known as the XRP Ledger, was named "XRP", which in February 2013, commencing its trading at a price of \$0.0058.

In December 2024, XRP achieved a new peak for the first time in nearly seven years. As of the same period, XRP's market capitalization positioned it as the third-largest crypto, exceeding that of BNB (Binance Coin) and SOL (Solana).

A crypto is a type of digital currency that utilizes cryptographic methods for security and is monitored through a blockchain system. The robust security protocols and inherent integrity of crypto make them nearly impervious to counterfeiting or double-spend. Furthermore, they are categorized as fungible tokens, signifying that these tokens can be exchanged for other tokens of equivalent value. Bitcoin is mainly utilized for peer-to-peer transactions, whereas Ripple is designed to facilitate fast and low-cost international money transfer for banks and financial institutions, effectively replacing conventional cross-border payment systems. At present, SWIFT continues to be the leading system for international payments; nonetheless, it encounters obstacles including prolonged transaction durations and elevated fees.

The XRP Ledger was created with the objective of transferring a faster, cost effective-solving inefficiencies that have long defined the status quo, and transparent cryptographic framework to support cross-border transactions. It seeks to position itself as breakthrough crypto solutions for a world without economic borders. Additionally, its features make it suitable for deployment in developing countries where access to traditional banking services is limited. Since its launch in 2012, the XRP Ledger has experienced a growing user base worldwide.



## KEY DEVELOPMENT

### 1. Consensus Mechanisms

Bitcoin utilizes a method referred to as mining to validate new legitimacy of transaction data and add new blocks. This mining procedure, which operates on a framework known as "Proof of Work" (PoW), necessitates considerable computational resources provided by high-performance computers, leading to substantial time and energy expenditures.

Ripple (XRP), in contrast, does not use the blockchain technology underlying Bitcoin. Instead, it functions on the concept of "Bitcoin without mining," as proposed by Ripple co-founder Jed McCaleb, highlighting the issues of mining centralization and energy inefficiency associated with Bitcoin. Ripple employs a unique consensus mechanism referred to as the Ripple Protocol Consensus Algorithm (RPCA).

Under this system, transaction data is validated not by an open network of miners, but by a designated group of trusted Validators appointed by Ripple. This validation process, known as "Proof of Consensus," requires agreement from at least 80% of Validators to authenticate a transaction's legitimacy and document it on the ledger. The RPCA mechanism facilitates transaction approvals in a matter of seconds while ensuring considerably reduced transaction fees.

## 2. Organizational Structure

A key feature of blockchain technology is its decentralized structure, which ensures that no single nation or financial institution holds authority over it. Instead, the approval of blocks and the governance of the system are managed collectively by miners. In contrast, ripple functions under a governance framework overseen by Validators appointed by its issuing organization, Ripple. Consequently, Ripple is frequently regarded as a centralized and permissioned network.

Ripple's total supply of 100 billion XRP tokens was created in advance, with Ripple initially holding 63 billion XRP. This situation has led to apprehensions regarding the potential for substantial price declines should Ripple decide to liquidate a significant amount of its assets in the market.

In May 2017, Ripple introduced a lockup mechanism to alleviate concerns and bolster confidence in the market. Approximately 90% of the company's assets, amounting to 55 billion XRP, were placed in escrow through a neutral third-party arrangement, thereby limiting their unrestricted sale. Commencing in 2018, 1 billion XRP has been released each month over a span of 55 months. These tokens are not directly sold in the market; rather, they are allocated to institutional investors. Any XRP that remains unsold during this monthly distribution is re-escrowed for an additional 55-month period. This approach ensures a regulated liquidity of XRP while reducing the risks associated with price volatility.

## 3. Characteristics of Ripple payment



Ripple states that transactions conducted on RippleNet are completed in a timeframe of 3-5 seconds, with the network having the capacity to manage up to 1,500 transactions each second. This level of scalability and efficiency exceeds that of conventional fiat currencies as well as leading crypto. For example, the Bitcoin transactions typically take up to within 10 minutes for the process of recording, verification, and confirmation to be completed within a new block, resulting in an average transaction time of around 10 minutes.

Ripple has developed three primary solutions—xCurrent, xRapid (On-Demand Liquidity), and xVia—to tackle issues related to cross-border financial transactions. These solutions are integrated with the Interledger Protocol (ILP) and together constitute a unified international payment network referred to as RippleNet.

xCurrent: This software provides the capability for real-time international payment and enhances cross-border transaction transparency for banks that are part of RippleNet. It includes a module known as Messenger, which assists in verifying both senders and recipients, as well as disclosing payment amounts and associated fees. xCurrent is designed to function as an alternative to traditional international payment systems, including SWIFT and intermediary banks.

xRapid (On-Demand Liquidity): This approach eliminates the reliance on conventional banking systems for cross-border transactions by utilizing XRP as an intermediary currency. It facilitates instantaneous transfers irrespective of the local currency of the recipient's nation. For instance, when transferring Japanese yen to the United States, the yen is first converted into XRP, which is subsequently exchanged for U.S. dollars. Although this process entails extra currency conversions, it markedly decreases both the time and expenses linked to international payment. XRP functions as a bridge currency for a range of other currencies, thereby increasing its overall effectiveness.

xVia: This API solution allows smaller banks and businesses not affiliated with RippleNet the opportunity to access the payment network. By utilizing xVia, users can link to the xRapid-powered payment infrastructure, enabling easy access to Ripple's remittance services.

RippleNet has emerged as a noteworthy solution for enhancing the efficiency of international payments and minimizing expenses, drawing the interest of financial institutions and enterprises. The network is now operational in over 45+ countries and 6 continents, indicating its increasing acceptance and influence on the global payment landscape. Ripple network is positioned as a key player in the adoption of ISO 20022, the new global standard for financial messaging.

## RIPPLE'S APPEAL AMONG JAPANESE INVESTORS

1		<b>BTC</b>	<b>11</b>		<b>LTC</b>
2		<b>XRP</b>	<b>12</b>		<b>LINK</b>
3		<b>ETH</b>	<b>13</b>		<b>XYM</b>
4		<b>DOGE</b>	<b>14</b>		<b>ATOM</b>
5		<b>SOL</b>	<b>15</b>		<b>MKR</b>
6		<b>ADA</b>	<b>16</b>		<b>XTZ</b>
7		<b>XLM</b>	<b>17</b>		<b>ENJ</b>
8		<b>BCH</b>	<b>18</b>		<b>XEM</b>
9		<b>DOT</b>	<b>19</b>		<b>QTUM</b>
10		<b>ASTR</b>	<b>20</b>		<b>BAT</b>

Ripple (XRP) ranks among the most actively traded crypto in Japan, following Bitcoin and Ethereum. This widespread acceptance is largely due to substantial investments made by Japanese financial institutions and major corporations in Ripple and its associated technologies.

Ripple has successfully completed 15 funding rounds, amassing a total of \$293.8 million from a wide array of investors, including various venture capital firms. Among its initial supporters was Google Ventures, the investment division of Google. Notably, in January 2016, Japan's SBI Holdings invested around ¥3 billion in Ripple, acquiring nearly 17% of the company's outstanding shares. By 2021, SBI Holdings disclosed that it held approximately 10% of Ripple's equity.

In May 2016, SBI Ripple Asia Co., Ltd. was founded with the objective of advancing blockchain-based payment solutions in Japan and throughout the Asia-Pacific region. Currently, RippleNet facilitates international payment services in nations including Thailand and Cambodia, among others. And SBI VC Trade, a subsidiary of SBI Holdings, decide to operate a validator node on the XRP Ledger and potentially reflect the voice of the XRP holder community in Japan indicates growing involvement of institutional players in the XRP ecosystem. Since its inception, they have been offering trading services for XRP, thereby establishing it as one of the most favored crypto assets among the clientele.

Additionally, leading Japanese financial entities, including Mitsubishi UFJ Financial Group (MUFG) and Mizuho Bank, have collaborated with Ripple to promote the adoption and integration of their technologies. Ripple has established partnerships with approximately 80% of the banking sector in Japan. Significantly, more than 60 Japanese banks have embraced Ripple's technology, indicating a substantial incorporation of blockchain into Japan's conventional financial framework. These alliances have enhanced trust and raised Ripple's profile within the Japanese market.

From the standpoint of an individual user, Ripple might not provide as extensive a variety of payment options compared to other crypto. Nevertheless, widespread confidence in its corporate applications and partnerships has contributed to XRP's popularity among Japanese investors. The attractiveness of Ripple in Japan is indicative of both its technological capabilities and the institutional support that facilitates its adoption.

## XRP HOLDER ANALYSIS

As of the end of December 2024, there are 5.8 million active XRP accounts, with 38 billion XRP held in escrow out of a total supply of 100 billion XRP. XRP ownership exhibits a significant concentration of tokens among a limited number of prominent entities, with Ripple identified as the principal holder. The ten largest XRP holders together possess 40.2% of the overall supply.

#	Account	Name	Balance	In Escrow	%
1	rB3wNzc45gxzW31zxfxdkx8HusAhoqscPn	Ripple (11)	232 XRP	+5,000,000,000 XRP	5.001%
2	r9UUEXn3cx2seuf8kDa8F86usfjM6H1Yp	Ripple (10)	220 XRP	+5,000,000,000 XRP	5.001%
3	r9hkqz3DeU7GUUJKGZofusbrTuZe6bDyb1	Ripple (28)	206 XRP	+5,000,000,000 XRP	5.001%
4	r9WpyVfLFUG8hatuCCHKzozsyDTKnBdsEN3	Ripple (9)	204 XRP	+5,000,000,000 XRP	5.001%
5	rGKHdyj4L6pc7DzRB6LWCR4YfZfzXj2Bdh	Ripple (26)	201 XRP	+5,000,000,000 XRP	5.001%
6	rHGfmgv54kpc3QCZGRXEQUhLPndbasbQr	Ripple (27)	200 XRP	+5,000,000,000 XRP	5.001%
7	rKDvgU5NPZxsqmoemFrgXPS2Iot4co2op	Ripple (13)	201 XRP	+4,000,000,000 XRP	4.001%
8	rDdX1A3M4mYTQ4cFpwkVXfc2UaAXCFweCK	Ripple (12)	216 XRP	+3,730,000,000 XRP	3.730%
9	rsX8cp4aj9grkVD9V1K2ouUBXgYsJgUtBL	Uphold (8)	1,856,958,211 XRP		1.857%
10	rPyCQm8E5j78PDbrFKF24fRC7qUAK1kDMZ	Bithumb (12)	1,506,183,803 XRP		1.506%
11	r9Q98K56yX7bD6v49Z5mH51sLn94Xe1mu1	Ripple (29)	1,330,027,088 XRP		1.330%
12	rs8ZPbYqgecRcdZqP3YAh5xS15htsJnza	Binance (5)	1,247,955,887 XRP		1.248%
13	rKveEYr15rkb3X214xcFh43ZsoGhb3PEv	Ripple (39)	1,195,544,084 XRP		1.195%
14	rsu2hzLZg1Q9q62KCuATuFhNf1X73hg3wY	Ripple (24)	500,000,258 XRP	+500,000,000 XRP	1.000%
15	rDqGA2GfveHypDguQ1KXr7zYymFZmKxEsF	Ripple (25)	500,000,200 XRP	+500,000,000 XRP	1.000%

## PROSPECTUS FOR FUTURE

RippleNet has notably enhanced its international reach by establishing connections with financial institutions such as Bank of America and Standard Chartered, facilitating faster and more efficient cross-border payment solutions. This expansion allows RippleNet to operate in over 45+ countries and 6 continents, with participation from more than 300 financial institutions and enterprises worldwide.

In May 2023, Ripple introduced the "Ripple CBDC Platform," designed to assist in the creation of Central Bank Digital Currencies (CBDCs) and stablecoins. Its collaborations with central banks are designed to utilize the XRP Ledger for the establishment of secure and cost-effective payment systems. This initiative underscores the continued partnership with central banks and governmental organizations worldwide.

At the same time, Ripple has been chosen to participate in the e-HKD (digital Hong Kong dollar) pilot programme initiated by the Hong Kong Monetary Authority (HKMA). The company has put forward various use cases for the tokenization of real estate assets, demonstrating Ripple's capacity for innovation within the financial and asset management industries.

Ripple's continuous progress in legal clarity and business growth bolster the token's outlook bullish cues in 2025. The introduction of Ripple USD (RLUSD), intended to enhance enterprise liquidity on the XRP Ledger, is designed to maintain a stable value of one US dollar. Ripple USD is fully backed by a segregated reserve of cash and cash equivalents, allowing for a 1:1 redemption for US dollar.

Additionally, Ripple's extensive history of successful transactions over the past ten years establishes it as a formidable candidate for the adoption of stablecoins which are backed by assets outside of the XRP. In the Republic of Palau, a stablecoin linked to the US dollar (PSC) is currently being tested on the XRP Ledger. This project seeks to facilitate secure payment processes and expedite the monetization of tokenized assets, thereby highlights Ripple's significance within both domestic and global payment systems.

Ripple's ongoing advancements and partnerships underscore its potential to play a pivotal role in the evolution of global digital finance. The launch of Ripple's stablecoin is regarded as a significant development for the company, especially within the sector of cross-border payment.

## RIPPLE'S PERFORMANCE

### XRP PRICE PERFORMANCE



**2017 (+30,362% Return):** In May 2017, Ripple instituted a lockup on its XRP assets, a decision that was well-received by the market and resulted in a significant surge in price. From December 2017 to January 2018, Ripple's utility and partnerships with major financial entities such as SBI Holdings contributed to an increase in XRP's value, reaching \$3 per token.

**2020 (+18% Return):** In December 2020, the U.S. Securities and Exchange Commission (SEC) initiated legal action against Ripple, asserting that XRP functioned as a centralized currency and should be categorized as a security. The SEC contended that XRP lacked any substantial utility beyond serving as an investment vehicle. This legal conflict has hindered XRP's advancement compared to other crypto.

**2021 (+268% Return):** The crypto market was experiencing a bull run, leading to a significant rise in the price of XRP, akin to the patterns seen in other digital currencies. Although prices have surged considerably into the triple-digit range, they have yet to exceed the peak value of \$3.4 reached in 2018.

**2022 (-59% Return):** The year 2022 was expected to pose significant challenges for the crypto market, particularly due to the anticipated increase in U.S. interest rates and various adverse conditions. Furthermore, the situation was exacerbated by the collapse of major crypto exchanges (FTX), which led to concerns within the sector.

**2023 (+81% Return):** In July 2023, the judge held that the XRP token itself is not a security, thereby allowing its secondary market sales to proceed without infringing upon securities regulations. However, sales to institutional investors were classified as investment contracts, necessitating registration in accordance with Section 5 of the Securities Act, which constituted a partial triumph for Ripple. The price of XRP briefly surpassed \$1, although it experienced only modest and temporary growth thereafter.

**2024 (+238% Return):** The market experienced a bullish trend, characterized by the approval of exchange-traded funds (ETFs) for Bitcoin and Ethereum. In August 2024, the case concluded with Ripple agreeing to pay a reduced fine of \$125 million, significantly lower than the \$2 billion fine sought by the SEC in March 2024. In October, the SEC officially submitted an appeal regarding the decision. Contrary to the anticipation of a resolution following the settlement in August, the appeal indicated that the case could potentially prolong.

In December 2024, Gary Gensler, the Chairman of the SEC, who is recognized for his rigorous approach to crypto, declared his intention to retire, effective January 2025. This announcement positively influenced market sentiment surrounding XRP, resulting in significant price surges. Former CFTC Chairman Christopher Giancarlo suggested in early December that the SEC could potentially dismiss its case against Ripple, which added to the prevailing market optimism. Additionally, Ripple introduced an enterprise-grade USD-denominated stablecoin, "RLUSD," in December 2024, which further enhanced positive momentum and contributed to additional price growth.

### 2023 -2024 YEAR TO DATE ASSET PRICE PERFORMANCE



## SUMMARY

Ripple's performance reflects a complex journey of technological growth, regulatory challenges, and significant market events. Although ongoing litigation with the SEC has hindered sustained price stability, Ripple's strategic partnerships, new product introductions, and positive legal developments have strengthened its market standing and ongoing significance. XRP has positioned itself as the foremost major crypto asset from the beginning of 2023 until the end of 2024.



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- Favorable loan-to-value (LTV) ratios of 60-70%.
- Borrower-friendly margin call mechanism: Margin call when the price of crypto drops more than 30% on a 3-day average basis. When this occurs, the borrower will have 5 business days to top up either with crypto or cash. This compares with the automatic liquidation mechanism implemented by other crypto lenders when the coin price drops by 10-20%.
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- Non-Purpose: The borrower can use the loan proceeds from EquitiesFirst for any purpose.
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