

XRP Distribution

XRP is a [math-based currency](#) that is native to the Ripple network. Users don't need to hold XRP if they prefer to transact in other currencies (e.g. dollar, euro, yuan, gold).

XRP enables the Ripple network by performing two specific functions: it acts as an anti-spam mechanism, and it serves as a universal joint between cross-currency trades. You can read about each of these roles in more detail in the [Ripple Primer](#).

The inventors of the Ripple protocol created 100 billion XRP at its inception, and no more can ever be created according to the protocol's rules. The creators gifted Ripple Labs 80 billion of the 100 billion XRP in existence.

68,090,931,513

Total XRP Held by Ripple Labs

31,908,551,587*

Total XRP Held by Others

As of December 31, 2014

*Total include business development agreements that are still pending.

Why Ripple Labs Distributes XRP

The creators of Ripple set out to build a more efficient distributed payment network.

Bitcoin and alt-coin systems use mining to confirm transactions and create coins. Mining consumes large amounts of electrical energy, as miners compete with each other to generate coins.

Ripple's method of confirmation, called consensus, doesn't need mining; therefore, it requires comparatively negligible computing power, confirmation time adapts to network latency, and transactions are immediately irreversible once confirmed.

Because Ripple's new architecture does not require mining, the creators of Ripple had a choice: distribute XRP exclusively via mining or diversify the distribution methods.

Distributing value is a powerful way to incentivize certain behaviors. Bitcoin's mechanism, for example, led to an explosion of processing power devoted to bitcoin mining. Our goal in distributing XRP is to incentivize actions that build trust, utility and liquidity in the network.

If we distribute XRP with these goals in mind, over time we expect to see an increase in demand for XRP that more than offsets the additional supply we inject into the market. Said another way, we will engage in distribution strategies that we expect will result in a stable or strengthening XRP exchange rate against other currencies.

XRP Distribution Strategy

We believe that broad adoption of Ripple as a protocol will result in organic demand for XRP over the long run. Ripple Labs plans to distribute XRP to encourage growth in six categories. The categories are:

Users - Everyone needs a small amount of XRP to fund an account on Ripple and start using the network. We are committed to broad user giveaways and other programs that bring new users to Ripple. Distributing XRP is a powerful user acquisition strategy. This model is similar to how Paypal grew.

Developers - By funding bounties on in-demand products and features, as well as security bugs, we'll reward contributors who improve the ecosystem. We are also building infrastructure to support promising Ripple entrepreneurs with XRP and resources.

Merchants - We plan to offer XRP rebates to both merchants and consumers based on the retail transaction volume they bring to the network.

Gateways - We want safe and reputable financial institutions to use Ripple. We are working on business development deals to onboard strategic partners.

Market Makers - Liquidity is incredibly important. We are bringing world-class liquidity providers to the network to democratize access to the institutional FX market.

Ripple Labs - Our team of talented cryptographers, security experts, distributed network developers, Silicon Valley and Wall Street veterans focus on continuously improving the protocol, building developer tools, and promoting the network. To fund operations, we use XRP. Ripple Labs currently has reserved 21,873,544,391 XRP for this purpose.

